FINANCIAL TIMES

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Spying in West Germany is all too easy, Page 11

World news

Senior E. German diplomat defects

Martin Winkler, East Germany's second-ranking diplomat in Argentina, defected to the West, amid press and diplomatic speculation that he feared being compromised after the defection to the East last week of West German spy hunter Hans Joachim Tiedge.

Chancellor Helmut Kohl appointed Hans-Georg Wieck, the ambassador to Nato, as head of the federal intelligence service, while a senior colleague of Tiedge was released after questioning about his relationship with the defector.

The opposition Social Democrats have secured an emergency Bundestag debate next Wednesday at which they will demand the dismissal of Friedrich Zimmerman, the Minister responsible for counter-intelligence. Page 2

Bhutto house arrest

General Zia ul-Haq's military regime put an end to Benazir Bhutto's nine days of freedom in Pakistan by placing the 32-year-old daughter of the country's late Prime Minister under house arrest. Page 12

Israel expels three

Israel expelled three suspected Palestinian guerrillas from the occupied West Bank and detained 15 others without trial.

Argentine strike

Argentina accused trade unions of trying to wreck a government austerity drive as the unions called their members out in the third general strike since the country returned to democracy 20 months ago.

Ulster train bomb

Nine people, including five police, were hurt when a bomb rigged to a bicycle exploded on a train from Dublin at Belfast station.

Strict wine law

A special session of the Austrian parliament was set to pass a tough law governing additives to wine in the wake of the tainting of some Austrian wine with ethylene glycol. Page 2

Greenpeace move

Former White House lawyer Lloyd Cutler will lead Greenpeace's U.S. compensation suit against France over the Rainbow Warrior sinking. French official Bernard Tricot, whose report exonerated the French secret service, said he was puzzled by aspects of the affair and might have been mistaken. Page 2

Lambsdorff trial

The trial of former West German economic ministers Count Otto Lambsdorff and Hans Friederichs, and a top industrialist on corruption charges in Bonn was adjourned after five hours when the defence challenged the court's competence and accused it of being prejudiced.

Sardinia crash

All four crew were killed when an Italian air force transport aircraft crashed into a mountainside during a firefighting operation in Sardinia.

Tamil can stay

A Sri Lankan Tamil leader who was deported from India five days ago has been allowed to stay in the country.

Chile talks spurned

Two bombs rocked central Santiago, but President Augusto Pinochet spurned talks with his opponents and said Chile would not return to the type of democracy he ended with a coup 12 years ago.

Colombian rebel shot

Colombian troops killed a leader of the left-wing M-19 guerrilla movement in a raid on an apartment in the city of Cali, south-east of Bogota. Page 4

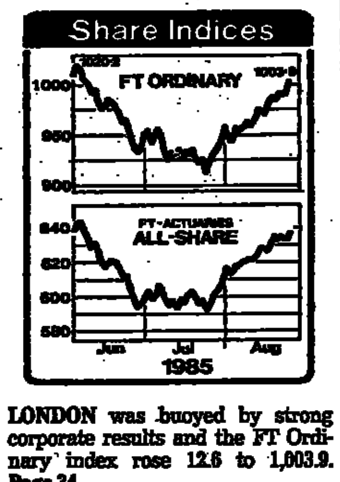
Business summary

Sally sells 3 tankers and ousts chairman

SALLY, loss-making Finnish shipping line, dismissed its chairman and sold the remaining three vessels of its tanker fleet. Page 13

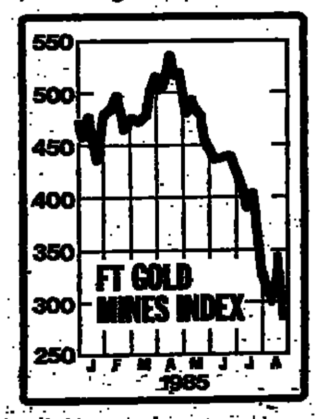
WALL STREET: By 3pm the Dow Jones industrial average was up 2.24 at 1,333.33. Page 34

Share Indices



LONDON was buoyed by strong corporate results and the FT Ordinary index rose 12.6 to 1,003.9. Page 34

TOKYO: Biotechnology and defence stocks featured. The Nikkei-Dow market average gained 43.30 to 12,728.80. Page 34



FT Gold Mines Index dropped by 10.3 to 280.1, extending the fall of the past two days caused by continued concern over unrest in South Africa to 26.7. Page 26

GOLD fell $4.5 on the London bullion market to $335.5. In Zurich, gold fell to $336.65 from $340.85. Page 26

DOLLAR rose in London to close at DM 2.7795 (DM 2.7710); FFr 8.4850 (FFr 8.4525); SwFr 2.2785 (SwFr 2.2670) and Y237.05 (Y236.90). On Bank of England figures the dollar's index rose to 136.7 from 136.4. Page 27

STERLING fell 20 points against the dollar in London to close at $1.400. It rose to DM 3.89 (DM 3.8825); FFr 11.8850 (FFr 11.86) SwFr 3.1925 (SwFr 3.1750, but fell to Y332.25). The pound's exchange rate index fell to 82.4 from 82.5. Page 27

PERU rescinded contracts with two U.S. oil companies and a U.S.-Argentinian consortium responsible for producing two thirds of the country's crude oil. Page 4

HONG KONG will press China next week to give British airlines, including Cathay Pacific Airways, a greater share of flights between Hong Kong and Chinese cities. Page 3

TORONTO DOMINION Bank, Canada's fifth largest, lifted net income to C$97.1m ($71.3m) during the three months to July 31 from C$88.1m a year earlier.

G. J. COLES, Australia's largest retailer, was propelled to a net profit of A$122.4m ($85.7m) by healthy growth in final quarter sales. The corresponding figure last year was A$104m. Page 14

AMEV, Dutch insurance company, was encouraged by strong first-half growth to launch a major capital-raising programme. Page 13

SONESSON, Swedish light engineering and medical goods group, expected profits as high as SKr 520m ($63m) compared with last year's result of SKr 373m. Page 13

ROTHMANS of Pall Mall Malaysia reported another year of record earnings, with pre-tax profits for the year ended June 30 up 48 per cent. Page 15

Business leaders urge Pretoria to open political talks

BY MICHAEL HOLMAN IN JOHANNESBURG AND PETER MONTAGNON IN LONDON

SOUTH AFRICAN businessmen rounded on the Pretoria Government yesterday with strong warnings that any new economic measures will need to be accompanied by political changes if they are to be effective.

The country's four main business organisations urged the Government to open negotiations with black leaders, even those who were in detention.

Their statement came while Dr Gerhard de Kock, the central bank governor, flew from London to Washington as talks intensified on a package of measures to shore up the country's $12bn short-term foreign debt.

Mr Barend du Plessis, the Finance Minister, is expected to announce a package of measures by Sunday at the latest, before South Africa's foreign exchange and stock exchange open on Monday.

The warnings from the South African business organisations were accompanied by a separate statement by Mr Gavin Relly, chairman of Anglo-American, the country's leading mining house.

In his statement Mr Relly said that the causes of the run on the rand "were not economic but political."

"What is needed for the short, medium and long-term health of the country is an acceleration of the reform programme, in particular in regard to citizenship, influx control, a positive urbanisation policy and the development of a unitary education system," Mr Relly said.

It was necessary for the Government to enter into genuine negotiations with representatives of all groups in South Africa for a new political system of genuine power sharing, he said. "If the Government's present basis of support precludes such action, it will have to secure a wider and different basis of support."

The business organisations had warned that an effective dialogue could take place only if the Botha Government accepted the principle of an open-ended agenda, and if the partial state of emergency were lifted and the security situation normalised.

The four organisations – the Association of Chambers of Commerce, the South African Federated Chamber of Industries, the National African Federated Chamber of Commerce and Industries and the Urban Foundation – expressed deep concern over the economy.

As Dr de Kock's whirlwind tour gathered pace – he spent yesterday closeted with senior officials of the Bank of England – it became clear that assembling a package in the five-day breathing space afforded by the market closure would be agonisingly difficult.

In Washington Mr de Kock was expected to ask the Federal Reserve Board for help in shoring up South Africa's short-term debt. Such assistance might include the provision of gold-backed credit by central banks including the Federal Reserve, as well as pressure by the Fed on U.S. banks not to withdraw their deposits from South African banks.

Senior bankers are now convinced that demand for repayment of these deposits by commercial banks worldwide is the main factor behind this week's steep fall of the rand and the apparent near exhaustion of South Africa's foreign exchange reserves.

But they say that the political background to South Africa's crisis makes it one of the hardest ever sovereign debt problems to deal with. Worries about hostile public opinion are likely to weigh heavily with both the Bank of England and the Federal Reserve when they ponder South Africa's request for help.

There is also no sign that South

Continued on Page 12
16 die in day of violence, Page 4;
New economic strength may not be enough, Page 10

French set to win battle for U.S. army contract

BY BRIDGET BLOOM IN LONDON

FRENCH COMPANIES appear to be set to win a $4bn U.S. army contract against British competition.

Mr Caspar Weinberger, the U.S. Defence Secretary, may be called in as final arbiter on the contract in which two rival U.S.-led consortia are bidding to supply 25 divisions of the U.S. Army with a new mobile battlefield communications system.

At the heart of the bids are the British Ptarmigan system, which has been in service with the 1st division of the British Army in West Germany since the spring, and France's Rita (Reseau Integré de Transmissions Automatique), fielded by the French and Belgian armies for about two years.

The Ptarmigan consortium is led by Rockwell of the U.S. and involves Plessey as prime UK contractor, STC, Marconi and others. GTE is the U.S. company leading the Rita bid with Thompson CSF as the main French contractor.

The contract is believed to be the largest single U.S. military deal ever opened to foreign competition, and while the two bids are believed to have increased their U.S. content to around 70 per cent, a lot is still at stake. There is no U.S.-produced battlefield communications system directly comparable to the European systems.

Both systems claim to offer enormous improvements on current tactical communications; both are fully mobile and more secure, capable and resistant to damage

The rival consortia submitted their opening bids last autumn and best and final offers in April. A decision from the U.S. Army Under Secretary, Mr Jim Ambrose, was confidently expected at the beginning of this week.

It is understood from Washington, however, that the papers on the concract have gone from Mr Ambrose's office to that of the Deputy Secretary of Defence, Mr William Taft, and will probably go from there to Mr Weinberger early next week.

As far as can be judged from preliminary reports in London and Paris, the GTE/Thomson bid has substantially undercut that of Rockwell/Plessey. It is being suggested in London that the reason for this is that the specifications to which Rockwell/Plessey have quoted are higher in certain key respects notably in the switching systems – than those included in the GTE bid.

British officials have always argued that the Ptarmigan system, being newer, is both more flexible and more secure than Rita. It is being argued now that either the Rockwell bid should be allowed to be adjusted to the lower specification of Rita, or the Rita bid should be adjusted upwards.

BP profit rises 5% to £344m

BY RICHARD JOHNS IN LONDON

THE RECEDING threat of a national rail strike in the UK and renewed optimism about lower interest rates because of sterling's continued strength helped to boost share prices on the London Stock Exchange and push the FT ordinary share index above the 1,000 mark for the first time since early June.

It gained 12.6 to close at 1003.9, while the FT Actuaries All-share index rose 6.31 to 639.95. The FT Oil Actuaries index was up 22.69 points at 1197.49.

The improvement was also helped by British Petroleum's better-than-expected second-quarter income, up 5 per cent on the same period of 1984 at £344m ($481.6m), despite sagging oil prices and the impact of a weaker dollar.

BP announced a 12 per cent interim dividend on each 25p share, a 20 per cent increase on the 1984 level. On the stock exchange its shares gained 12p to close at 570p.

For the first half of 1985 BP's after tax profit was £658m compared with £688m in the same period of last year.

BP's performance was more impressive on the replacement cost system of accounting, which calculates a net profit after excluding stock gains and losses. On this basis earnings rose by nearly 50 per cent in the second quarter, from £306m to £457m.

BP calculates that a combination of weaker oil prices and the decline in the value of the dollar resulted in realised stock losses of £113m in the April–June period.

In addition, the result was achieved after an allowance of £129m for exploration write-offs in the second quarter, including a charge of £10m for the company's unsuccessful drilling in China's offshore waters and £27m for work on the Andrew field in North Sea which, BP announced yesterday, cannot at present be developed commercially.

While actual profits were in the middle of the range anticipated by analysts, the City of London was impressed by the underlying profits achieved after taking into account the change in value of stocks and also the improved dividend.

The most encouraging aspect of BP's results, not the least compared with those of the Royal Dutch/Shell group, is considered to have been the improved performance in its European refining and marketing operations.

Lower supply costs in the "downstream" oil business offset the adverse impact from declining crude oil prices on production and exploration.

Also benefiting from the rationalisation policy of the last few years the chemical sector recorded an operating profit of £13m. This was higher than in the first quarter largely because of firmer prices for ethylene and its derivatives, as well as lower feedstock costs.

Nearly all of the overall improvement was accounted for by the BP group, apart from its 55 per cent majority-owned U.S. affiliate, Sohio.

Lex, Page 12; Results, Page 18;
Stock market reaction, Page 30

Nigeria's leaders appoint ruling council

By Our Foreign Staff

NIGERIA'S new leaders have appointed a 28-member military council to rule the country under Major-General Ibrahim Babangida as President.

Almost half of the members of the new Armed Forces Ruling Council (AFRC), the highest policy-making body, comes from the now defunct Supreme Military Council (SMC) which ruled Nigeria under Major-General Muhammadu Buhari, overthrown in a coup on Tuesday.

The AFRC, to be sworn in today, is almost equally divided between northern and southern officers. Nigerians from the south of the country had often expressed resentment before the coup at their lack of influence over a government dominated by northerners. They will be anxiously looking for a more active role in the new Government.

Life in Nigeria appeared to be returning to normal yesterday as Lagos airport was reopened, telex and telephone links with the outside world restored, and Lagos radio reported the dusk-to-dawn curfew, in force since the coup, had been lifted. Residents contacted by telephone from London said the city was quiet.

Observers said the position of the heads of the military council appeared stronger than under the Buhari regime, as restrictions had been imposed on the post of chairman of Joint Chiefs of Staff now held by Major General Domkat Bali, the Defence Minister and former SMC member. His duties will be limited to the "political administration" of the country, Lagos radio said.

The radio said President Babangida is to be assisted by a Chief of General Staff, Commodore Ebitu Ukiwe, who will be responsible for "political affairs."

A newly constituted National Council of Ministers and a National Council of State to group state military governors will assist the AFRC in policy-making, the radio said, noting that these two bodies as formerly composed have been dissolved.

In a further indication of the economic thinking of the new Government, Lagos radio quoted the new rumours as saying that the crux of the country's problems was its excessive dependence on imports of both consumer goods and raw materials for industry; a fall in domestic production amid rising population growth; the "growth in equality of the gap between the rich and the poor; and the large role played by the public sector in the economy "without any concrete results to justify such a role."

Mexico warns on danger of no fresh loans

BY WILLIAM HALL IN NEW YORK

MEXICO, whose financial problems signalled the start of the international debt crisis three years ago, yesterday gave a warning that unless bank lending to the heavily indebted Third World resumed, countries such as Mexico "cannot be expected to pay their full interest bill and grow at necessary levels."

Sr Jesús Silva-Herzog, Mexico's Finance Minister who was in New York yesterday for the signing of the second and final part of Mexico's $48.7bn debt rescheduling, underlined the serious differences of opinion that now exist between Third World debtors and the industrialised countries on the solution to the three-year-old debt crisis, which he described as "the potentially most explosive development issue of our times."

While welcoming the signing of the largest commercial bank debt restructuring ever undertaken, Sr Silva-Herzog said that there had to be a narrowing of the gap that exists between the developing and developed countries with respect to the diagnosis of the international debt crisis.

"Most OECD countries are telling us that the debt problem can be solved by their growth, our adjustments and open borders," said Sr Silva-Herzog. "We believe these conditions are not occurring and 'furthermore' are not sufficient."

The minister said that not only were international banks not providing new money on a voluntary basis, "but some of them seem to be trying to reduce their present exposure to Latin America by the most imaginative means."

"With bank credit flows moving away rather than returning, countries cannot be expected to pay their full interest bill and grow at necessary rates. Something has to give and growth has already taken the brunt of the burden," said Sr Silva-Herzog. He noted that inconsistent accounting rules were also impeding "the reactivation of much-needed new credit flows."

He criticised countries whose bank regulations "penalised" new bank lending to countries such as Mexico by imposing "stiff after-tax reserve requirements" and categorising new loans in ways that suggest that they cannot be carried at face value. "This is inconsistent with our earlier assumption of how the world would be," said the minister.

Sr Silva-Herzog confirmed yesterday that Pemex, Mexico's state-owned oil company, was exploring the possibility of making a Y10bn bond issue in Japan, but also em-

Continued on Page 12
Bolivia closes banks, Page 4

Volvo profits fall by 7.8% in first half

BY KEVIN DONE IN STOCKHOLM

VOLVO, the Swedish automobile, energy and food group, suffered a drop of 7.8 per cent in profits in the first six months of the year, while group turnover fell by 3 per cent to SKr 42.27bn ($5.17bn).

Profits after financial items totalled SKr 4.25bn against SKr 4.62bn a year earlier, and the fall would have been steeper without a jump in the group's interest earnings.

With Volvo's strong liquidity, net interest earnings totalled SKr 208m against SKr 58m in the first half of last year. The group also reported foreign-exchange gains of SKr 63m against a loss of SKr 101m in the same period last year.

After a string of record results, Volvo's performance appears to have peaked. The volume of its car sales stagnated in the first half of the year, although there was a marked shift towards more expensive models.

The value of car sales increased by 21 per cent in the second quarter and by 15 per cent in the first six months to SKr 18.47bn, while car deliveries were unchanged at 203,000. Volvo sold 70,000 of its top-of-the-range 700 series, against 28,800 in the first half of 1984.

The small 3 per cent fall in group turnover reflected chiefly the 30 per cent reduction in the sales of Volvo's oil trading division. Otherwise sales of its industrial products rose by 8 per cent. Excluding oil and Volvo BM construction equipment, which is no longer consolidated, turnover increased by 12 per cent.

Volvo truck sales increased by only 5 per cent in value to SKr 7.98bn, and the group said that demand in West Europe was still weak. Deliveries were virtually unchanged from last year.

CONTENTS

Elysee link to surveillance of Greenpeace

BY DAVID HOUSEGO IN PARIS

THE MILITARY adviser to President Francois Mitterrand at the Elysee Palace gave personal approval to the additional funds sought by the French foreign intelligence service (DGSE) to monitor the activities of Greenpeace, according to M Bernard Tricot, author of the official inquiry into the sinking of the Rainbow Warrior.

He said that General Jean Michel Saulnier who is now armed forces Chief of Staff, had approved the additional funds which were needed to cover further intelligence gathering on Greenpeace.

In fresh disclosures in a newspaper interview M Tricot continued to insist on his belief in the innocence of the DGSE, but left the door open to the possibility that he might have been misled.

But he made clear, in statements that could prove embarrassing to the Government, that in his view all operations by French agents in New Zealand would have required high level political clearance.

Recounting his clandestine interview with the three French agnets aboard the yacht Ouvea, he repeated his belief that they were not responsible for the sinking of the Greenpeace boat. But he added: "If they did carry out the attack, it is have done it on orders. I do not see them taking such an initiative.' '

Mr David McTaggart, the international president of Greenpeace, said here yesterday that the organisation would be suing France before the European Court of Justice. Greenpeace is to be represented by the U.S. legal firm Cutler-Pickering in which Mr Lloyd Cutler, a former special counsellor to President Jimmy Carter is a partner.

Mr McTaggart said that somebody had to bear the costs of the boat and of supporting the family of the Portuguese photographer who died. He said he did not agree with the way Mr David Lange, the New Zealand Prime Minister, had backed down.

Further demands for a fresh inquiry into the affair came yesterday from M Jean Lecannet, president of the centrist UDF parliamentary group, and of the Senate's commission on foreign affairs and defence.

Signs of explosives 'found on secret service yacht'

A FORENSIC scientist found traces of explosives in a yacht carrying three French secret agents five days after the protest ship Rainbow Warrior was mined in New Zealand, Reuter reports from Wellington.

It quotes an Auckland newspaper, the New Zealand Herald, as saying that samples were taken from the yacht Ouvea when it was searched by New Zealand detectives at Norfolk Island on July 15. They were later found to contain traces of explosive when analysed in Wellington.

The yacht left the Australian island the following day and has not been seen since. The three men are now wanted by police on charges of murder and sabotage in connection with the sinking of the flagship of the international environmental organisation Greenpeace.

All three were identified as combat frogmen with the French secret service DGSE by an official report on alleged French links with the attack released in Paris on Tuesday.

Police said they would not deny the Herald report, but could not comment on it because it involved trial evidence. They said they could not arrest the trio on Norfolk Island because it was Australian territory and because they did not have the evidence at the time.

They confirmed that a forensic scientist had searched the Ouvea on the island midway between New Zealand and the French territory of New Caledonia where it was chartered.

French police have said they will not execute international arrest warrants against the men without further evidence.

The three were questioned by New Zealand detectives in Norfolk Island on July 15, six days after the Ouvea left Whangarei in New Zealand's far north.

The Herald said police took extensive samples from the yacht's bilges before it left the following day.

It was then, according to the official French government report this week, that arrangements were made between the three men and the DGSE for them to be whisked home to France.

The report, prepared by M Bernard Tricot, did not say how this was done but said it did not involve the French navy.

A search involving the New Zealand air force and the French Navy has revealed no trace of the Ouvea.

The Herald said documents sent to the Tricot inquiry contained an eyewitness statement that a man closely resembling an Ouvea crew member was seen in a dinghy in Auckland harbour on the night of the bombing.

Two explosions shortly before midnight sank the Rainbow Warrior, a converted trawler, at its moorings and killed one of the crew.

Oil major denies turning its back on Norway

BY FAY GJESTER IN OSLO

A SENIOR Mobil official yesterday quashed reports that the U.S. oil concern had lost interest in Norway, and said it hoped to achieve a "lasting relationship" here. At the same time he made a cautious, tactful plea for easing of the tough petroleum tax rules, pointing out that "a mutually beneficial tax regime is the only way to keep exploration going."

Mr Alex Massad, president of Mobil's exploration and producing division, was talking after a meeting with Mr Kare Kristiansen, the Oil Minister.

His visit to Norway comes only a week after the company turned down an Oil Ministry invitation to act as operator, and co-licensee, on two North Sea blocks. Its surprise refusal was regarded as a protest at having been refused rights on a third, more promising block, 34/8.

Mr Massad played down the drama of the decision. He said Mobil's experts had assessed these two blocks as being "high risk, marginal." On their own, without a share of 34/8 as part of the package, "the economics of these blocks did not stand up."

Mobil was still interested in "the Norwegian outer continental shelf," he stressed, recalling that it had put in bids for the licensing round now in progress, which covers blocks of the central part of Norway.

Statoil results, Page 13

British and U.S. stand on test ban 'dishonest'

By Robert Mauthner, Diplomatic Correspondent, in Geneva

BRITAIN AND the U.S., both of whom have given a low priority to the negotiation of a complete nuclear test ban treaty (CTB), were accused yesterday of adopting a "dishonest" stance at the nuclear non-proliferation treaty (NPT) review conference here.

The charge was made by Dr David Owen, leader of the British Social Democratic Party (SDP), at a particularly outspoken news conference in the margin of the conference, following the British Government's opening statement to the delegates by Mr Richard Luce, Minister of State at the Foreign Office.

Mr Luce, like the U.S. delegate, Mr Kenneth Adelman, before him, claimed that verification problems continued to be a serious obstacle to the negotiation of a comprehensive nuclear test ban. Until solutions to these problems were found, Britain considered that any resumption of formal negotiations would be premature.

"We believe that a CTB which allowed any militarily significant cheating by its signatories would not be in the interests of international stability or security," Mr Luce said.

Dr Owen, however, said it was clear that neither the U.S. nor Britain really wanted a comprehensive test ban, as advocated by the Soviet Union and a large number of neutral and non-aligned nations, and were hiding behind a combination of "misinformation and obfuscation."

"It is a harsh judgment to make of one's own Government that they are not negotiating honestly," he said. "I say it only after careful thought and after consulting a broad range of scientific opinion."

Seismological advances and satellite technology had transformed the possibilities for verification, Dr Owen said. When the U.S. had rejected Moscow's offer of a moratorium on nuclear testing, it had had no difficulty in claiming, on the basis of its existing monitoring capacity, that the Soviet Union had just completed a series of three underground tests and could afford a pause.

The real reasons why the U.S. and Britain did not want a CTB at this time was that they wanted to continue to test new nuclear weapons, such as the MX, Midgetman and Trident missiles.

It has also been claimed here by many delegates that one of the new weapons which the U.S. wants to test as part of President Ronald Reagan's Strategic Defence Initiative, is a laser device powered by a nuclear explosion.

The issue of a comprehensive test ban treaty, negotiations on which between the U.S., Soviet Union and Britain broke down in 1980, has already become one of the biggest bones of contention at the conference.

Apart from the Soviet Union, several countries, including notably Australia and Sweden, have expressed their conviction that the necessary verification techniques already existed to make such a treaty effective.

It was mainly the lack of political will which was preventing a CTB treaty from being negotiated, they claimed.

In reply to criticisms by non-nuclear weapons states that the nuclear powers had not fulfilled their NPT treaty obligations to dismantle their nuclear arsenals, Mr Luce said that Britain shares their disappointment at the slow progress.

But it should be noted that the Nato allies had taken important and concrete unilateral steps to reduce their nuclear weapons stockpile in the past few years.

In 1980, Nato had withdrawn 1,000 nuclear warheads from Europe. In 1983, it had decided to withdraw a further 1,400 warheads in addition to withdrawing one for each new Cruise or Pershing II missile deployed.

East German defects in Bonn spy affair

BY PETER BRUCE IN BONN

A SENIOR East German diplomat has defected to West Germany, the Bonn Government announced yesterday, adding a further twist to the widening spy scandal here. It also fuelled speculation that West German agents in the East may be beginning to flee for fear of being compromised by the defection to East Berlin more than a week ago of Bonn's top counter-intelligence officer, Herr Hansjoachim Tiedge.

The announcement came soon after the Government's formally announced the sacking of Herr Heribert Hellenbroich, Herr Tiedge's former boss, as head of the federal intelligence service and his replacement by one of Bonn's most senior diplomats, Herr Hans-Georg Wieck.

The Government also confirmed yesterday that another high-ranking West German intelligence officer had been arrested on suspicion of spying for East Germany. The officer, Herr Reinhard Liebetanz, chief of the department responsible for monitoring right-wing extremists in the Office for the Protection of the Constitution—Herr Tiedge's former employers—was later released.

It is not clear whether Herr Liebetanz will be questioned further over a relationship with a man who fled to East Germany recently, apparently after trying to recruit him.

Herr Liebetanz's arrest and release is at least a sign of the tension that has been generated among the intelligence community here since the defection of Herr Tiedge and the disappearance earlier of three other suspected spies.

The defection to Bonn of Herr Martin Winkler, Chargé d'Affairs in the East German embassy in Buenos Aires, on August 25 has come as welcome relief to the Government. It is not known whether Herr Winkler was a long-term Western agent. He is said to have worked in the East German foreign service for 20 years, and once held a post in Havana, Cuba. He also served as chief of the Central America desk in the East German Foreign Ministry.

The Government has, however, also established that Frau Margarete Hoeke, a secretary in the Federal President's office arrested on spy charges on Sunday, has been an East German agent since 1968. Officials are taking her case very seriously, as she had easy access to reports from West German diplomats abroad, reports from the top secret ministerial Federal Security Council, and worked during a recent Nato exercise in the Government's top secret atomic bunker just south west of Bonn.

Frau Hoeke is also known to have had contact with a German couple arrested this week in Switzerland on charges of spying for East Germany.

Chancellor Helmut Kohl is still expected in the next few days to announce sweeping changes to the security services. Whether these would mean further sackings is still unclear. It is clear, however, that his actions so far have failed to still opposition demands that Herr Friedrich Zimmermann, as the minister responsible for the counter intelligence service where Herr Tiedge worked, should also resign.

Few people here expect that to happen, especially as Herr Zimmermann is protected by Herr Franz Josef Strauss, the powerful Bavarian leader. Both men are members of the Christian Social Party.

The opposition Social Democrats, however, have managed to call an emergency debate on the affair in the Bundestag next week.

FLICK BRIBES CASE OPENS

TWO FORMER West German economics ministers and a top industrialist went on trial on corruption charges in Bonn yesterday amid a storm of publicity and legal confusion over whether the case could go ahead, Reuter reports.

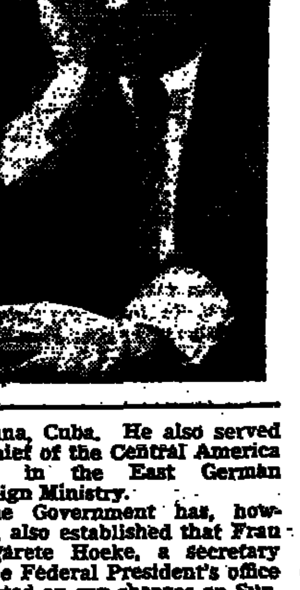
The two ex-ministers, Count Otto Lambsdorff (pictured right) and Hans Friderichs, are charged with accepting bribes for their Free Democratic Party from the Flick industrial empire in return for tax favours.

Lawyers for the man alleged to have paid the bribes, former Flick general manager Eberhard von Brauchitsch, immediately challenged the court's competence to judge the case.

The lawyers argued that the judges had no experience in dealing with economic crimes and that the two lay magistrates had been improperly selected. All three defendants deny the charges.

Peter Bruce adds from Bonn: Speaking after the day's proceedings, Count Lambsdorff said he expected the court to reject the challenge made by the defence team: "But it is something you have to do," he said, as the point might prove useful, should the defendants ever need to appeal.

Count Lambsdorff has consistently denied receiving any money from Flick and, though he said yesterday he was confident the trial would last "for more than a year," he confirmed that he had begun to campaign for re-election to a number of senior posts he holds in the Free Democrat Party.



COLLAPSE FEARED OVER CONSTITUTIONAL DISPUTE

Martens tries to hold coalition together

BY PAUL CHEESERIGHT IN BRUSSELS

MR WILFRIED MARTENS, the Belgian Prime Minister, yesterday was trying to paper over widening cracks in his four-party centre-right coalition government to keep it in power until the dissolution of Parliament for the October general election.

The coalition is in danger of collapsing over sharp differences on constitutional revision that again throw into relief tensions between the Flemish north and the French-speaking south.

The key issue is whether education should become the responsibility of the linguistic regions. This involves revision of Article 59 *bis* of the constitution.

Such revision can take place only after the presentation to Parliament of a list of articles for revision and the agreement of both houses. This agreement is necessary before dissolution so that the *newly* elected legislature can become a constitutional assembly.

Mr Martens has been seeking to persuade the French-speaking Social Christians to accept a proposal to revise Article 59 bis. But the Social Christians have been adamant in their opposition.

Yesterday, coalition leaders asked the parliamentary commission on revision of the constitution to accept a delay in pulling forward proposals to give the parties more time to work out a common position.

Party leaders will meet again on Monday, considered by political insiders as the occasion when the Government might fall.

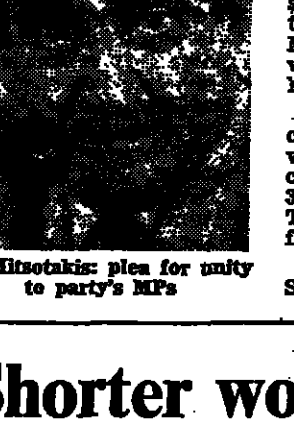
Mr Martens has been pushing for an agreement which ties revision of the key article on the powers of the regions (59 bis) to revision of other articles dealing with free education and the resolution of conflicts between the different powers in the Belgian state.

But the Social Christians have been arguing that to make education a communal matter would be damaging on three grounds. First, in southern Belgium, it would hand education over to the Socialists, in opposition at central government level but in power at the communal level. Second, the French-speaking community would receive less funds. Third, it would be a move towards dismantling the Belgian state.

The Flemish parties in the coalition—the Christian Democrats and the Liberals—have been pushing for revision over the opposition of the Social Christians and the issue has deprived the coalition of what little momentum it had left. Today's cabinet meeting, the first after the summer holidays will be devoted to routine matters.

The constitutional issue has overshadowed the aftermath of the Heysel football disaster, the handling of which by Mr Charles-Ferdinand Nothomb, the Social Christian Interior Minister, prompted a French-speaking Liberal move to leave the Government and advance the election date by two months.

Mitsotakis wins confidence vote



Mr Mitsotakis: plea for unity to party's MPs

BY ANDRIANA IERODIACONOU IN ATHENS

THE LEADER of Greece's conservative New Democracy opposition, Mr Constantine Mitsotakis, appealed to his party's MPs for unity yesterday after winning a vote of confidence as head of the party.

All but one of 121 New Democracy MPs showed up for the vote in which 82 ballots were cast for Mr Mitsotakis against 37 blanks and one invalid. There were no other candidates for the party leadership.

The missing MP was Mr Costis Stephanopoulos, the parliamentary spokesman, who provoked Mr Mitsotakis to resign at the end of last week by challenging his decision to hold a party conference in November.

"I call on dissenters to come back to us without reservation. I ask everybody to forget the past, as I will forget it," Mr Mitsotakis said in an anxious appeal after the vote, assumed to be directed at the absent Mr Stephanopoulos and possible sympathisers among the parliamentary group.

Mr Stephanopoulos is understood yesterday to be considering three options: leaving the party to become an independent; taking a group of 14 or so sympathising MPs with him to form a new party; or staying and waiting for opposition to Mr Misotakis to grow.

The two men were rival candidates in elections for the leadership last September. However, New Democracy's defeat by the Socialists in the June general election gave Mr Mitsotakis's critics within the party a chance to challenge his leadership.

Shorter working hours bring big benefits

BY DAVID THOMAS, LABOUR STAFF

COMPANIES THROUGHOUT Europe are using demands by their workers for shorter working hours to restructure their working time arrangements. In the process, they are often winning substantial improvements in productivity, while also creating more employment.

These are the key findings of a survey of European countries by Mr Eugene Cosijn, personnel manager for Philips in the Netherlands, conducted for the European Association for Personnel Management. The survey is reported in the forthcoming issue of Personnel Management.

Examples of new working time arrangements revealed by the survey include:

- NV Lano, a textile company in Belgium, has hired workers for a weekend shift. The workers do two 12-hour shifts, plus a 12-hour shift on public holidays. They get 35 per cent on top of their normal pay, form a coherent group and "show no signs of wishing to switch to more social hours," the survey reports.
- At Mannesmann Demag Kunststafftechniek, a West German casting machine manufacturer, a cut from 40 to 37 hours was achieved by employing 13 workers for every 12 jobs. The length of the day remains eight hours, but workers get three days off for every 36 working days.
- At ETAP NV in Belgium, reductions in working time were agreed in return for the workers' moving from five-day to six-day working, thereby extending operating time.

The survey shows that the pressure to cut working time is taking somewhat different forms throughout Europe. In Austria, for example, there is a preference for longer holidays; in Belgium, for earlier retirement; and in West Germany, for shift patterns that allow Friday afternoons to be taken off.

Generally, however, companies throughout Europe are "looking for ways of linking the reduction of working time to demands made on them by the market," the survey concludes. In doing so, both companies and unions are achieving their aims.

The survey also shows that British workers in industry have one of the shortest standard working years in Europe. Once overtime is added, however, Britons work some of the longest hours in Europe.

W. German car output accelerates

By John Davies in Frankfurt

THE WEST GERMAN car industry is hoping to turn out a record 4m cars this year as it makes a powerful rebound after its troubles of the past 18 months. With the domestic market picking up and exports still strong, the car industry is confidently continuing to take on more workers.

Car production fell 3.2 per cent to 3.7m last year as a result of the seven week labour conflict over shorter working hours. Nearly all car-makers were also hit by a slump in orders late last year and early this, as West German motorists delayed buying because of uncertainty about tighter emission controls.

But after the recent European Community compromise on this question, new car registrations have been surging. Domestic sales last month were a record for July.

The industry expects sales to be given further impetus from the International Automobile Exhibition in Frankfurt from September 12-22, an event held every two years amid a flurry of new model launchings.

Herr Hans-Erdmann Schoenbeck, president of the Automobile Industry Association (VDA), said yesterday that output this year could well exceed the record 3.93m in 1979. Dr Achim Diekmann, the VDA's managing director, said car exports might reach a record 2.5m this year, compared with 2.2m last year.

Exports so far this year have taken an unusually high 62.5 per cent of output (compared with 58.9 per cent last year), but the proportion is expected to fall next year as domestic sales rise.

Some 30,000 extra workers were hired in the 12 months to June to build the industry's labour force to 688,000 and another 10,000 are expected to be taken on in the second half of this year. Only about an eighth of the increase was to offset the cut in working hours from an average of 40 to 38.5 a week from April, VDA executives said.

Herr Schoenbeck predicted that West Germany would make rapid strides towards meeting the EEC's emission requirements, due in stages from 1988. Including diesel-engine models, about 25 per cent of cars sold in West Germany this year would already meet the EEC's standards—and as many as 50 per cent next year and 75 per cent in 1987.

FINANCIAL TIMES

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Polish repression rising say trade union groups

THREE INTERNATIONAL trade union groups pledged yesterday to continue blacking the outlawed Polish union Solidarity and said repression was increasing in Poland, Reuter reports from Brussels.

The International Confederation of Free Trade Unions (ICFTU), the World Confederation of Labour (WCL) and the European Trade Union Confederation (ETUC) issued a joint statement to mark this Saturday's fifth anniversary of the signing of the Gdansk agreements.

The agreements involved Solidarity, which had just been formed, and the Polish Government. Solidarity was banned after martial law was declared in 1981.

The Brussels statement said Poland had jailed more than 500 trade union and political activists for at least several months since a partial amnesty in July 1984 when only 40 remained in detention and that 300 now remained in prison.

The three groups said they would continue supporting Solidarity by all means at their disposal, acting through organisations for the defence of human and trade union rights.

Mr Enzo Friso, ICFTU deputy general secretary, said at a news conference that all democratic countries should adopt an equally firm attitude to the governments of Poland, South Africa and Chile, which he said were all oppressing their peoples.

The statement said the reasons for jailing Polish activists included trade union activities, strike action, signing petitions, taking part in demonstrations and even campaigning against alcoholism.

It said that nearly all of the 600 people freed in the 1984 amnesty had found it very hard to get work, with most companies refusing to take back Solidarity activists for fear of trouble from the police.

Failure to find a job could mean a trade unionist's name being added to a list of 26,000 so-called social parasites who could be forced to accept any kind of work, it said.

Any protest action could lead to instant dismissal, transfer to unpleasant or low-paid tasks or loss of bonuses, it added.

Strict wine law for Austria

AUSTRIA'S parliament was set to pass a strict new wine law last night aimed at averting a repeat of a scandal over producers sweetening it with a toxic chemical, Reuter reports from Vienna.

The governing Socialist-led coalition presented the legislation at a special session of parliament yesterday after the international scandal hit Austrian wine exports.

Meanwhile, police announced four more arrests in a crackdown on farmers, traders and chemists who laced wine with diethylene glycol, which can cause brain and kidney damage.

Herr Günter Haiden, Agriculture Minister, told parliament the measure was intended to restore the high-quality reputation of Austrian goods. The Socialists say the law will be Europe's strictest.

It reduced the maximum amount of sugar or other additives allowed and sets out complicated checks to prevent doctoring.

Labels will have to indicate the wine's exact origin, quality, and content. If the wine is from Austria the label must say so. A numbered sticker issued by local authorities will be stuck over the cork identifying the bottler and the quality.

Lower quality wines cannot be sold in bottles smaller than a litre. Maximum sugar content is set at 3.5kg per 100 litres, compared to the EEC maximum of 4.5 kg. Penalties are increased to a maximum six months in jail and a fine of A$ 60,000 ($1,000).

Herr Haiden said 227,500 hectolitres of wine had been seized. He conceded the law would mean extra work for farmers,

He said the law would "signal to other countries Austria's determination to beat this unprecedented wine-doctoring scandal and restore the reputation of quality wines, indeed the reputation of Austria's quality produce in general."

The scandal caused outrage among importers of Austrian wine across the world, especially in its main market, West Germany. After the first revelations in April, it emerged that some West Germany wines also contained glycol.

The chemical was also found in Austrian grape juice and investigators unearthe the widespread manufacture of "wine" purely from chemicals and the mixing of red and white wines to be sold as red.

- In Mainz, West Germany, Herr Bernard Vogel, premier of West Germany's main wine-producing state, accused Austria of playing down the seriousness of the wine scandal that has also damaged the West German wine industry.

Herr Vogel told the Rhineland-Palatinate parliament that Vienna's warning that Austrian wine exported to West Germany contained an anti-freeze chemical was "absolutely insufficient and ambiguous."

- In Tokyo, Japan's Health and Welfare Ministry said yesterday that diethylene glycol had been discovered in two brands of Japanese-made wine. The ministry ordered the producer, Manns Wine Company, to recall the brands from store shelves.

A ministry spokesman said the Tokyo metropolitan and Yamanashi prefectural (state) governments were to investigate whether the two brands were blended with wine imported in bulk from Austria.

- A Hong Kong Government spokesman said an Italian wine laced with diethylene glycol had been found in Hong Kong. It was the first tainted Italian wine found in the colony

Palestine refugee agency faces financial crisis

BY PATRICK BLUM IN VIENNA

THE VIENNA based United Nations Relief and Works Agency for Palestinian Refugees (UNRWA) is facing the most serious financial crisis in its 35 years' history, according to a report discussed by agency officials in Vienna yesterday.

The agency's work to provide vital services and relief for some 2m Palestinian refugees scattered in the Middle East will be seriously jeopardised next year unless more funds are forthcoming, Mr Robert Dillon, deputy commissioner-general, said yesterday. Programmes for this year have already been seriously cut back.

Drastic cuts will have to be made if governments do not provide additional support for the agency, the report says. "There is no magic way out. Major programme cuts will have to be made and staff will have to be reduced accordingly," the report says.

In his foreword to the report Mr Olof Rydbeck who retires as commissioner general in October suggests that the agency's existence is threatened by the current crisis. "My final words must be to express grave concern for the ability of the agency to continue to carry out its mandate," he said

Mr Dillon says that despite cuts of about $40m in expenditure and additional emergency donations from a handful of countries, the agency is still short of about $8m to meet this year's expenditure.

He says that when the agency's mandate comes up for discussions at the UN it is supported by over 100 countries but only 17 made contributions of more than $1m towards last year's estimated expenditure of $231m.

The bulk of the agency's finances comes from government contributions. The U.S. is by far the biggest contributor donating $67m annually, followed by Japan ($13m), Sweden and Norway with about $7.8m each and Britain and Northern Ireland ($7.2m). The Soviet Union makes no contribution nor do its allies. China contributes $50,000. Contributions from Arab states have been declining and this year Saudi Arabia cut its own contribution by $1m to $2.2m.

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The Baron. 6.30 News. 6.40 Appeal. 6.45 Mary O'Hara and Friends. 7.15 | 1.20 Farming Outlook. 2.20 Film: "Botany Bay," starring James Mason | Scotsport. 5.00 Wild Heritage. 5.30 Chips. 11.45 Reflections. 11.50 Golf | Hart. 11.45 That's Hollywood. 12.15 am Company. | Challis (S). 3.00-4.00 Gloria Hunniford Presents Two's Best (S). | 12.00-12.15 am News: Weather. Shipping Forecast.

Britain seeks better deal for Cathay in Peking air talks

BY DAVID DODWELL IN HONG KONG

THE Hong Kong Government will be pressing China to provide British airlines—including Cathay Pacific Airways—with a greater share of the scheduled flights between the British territory and cities in China when long-awaited talks begin in Peking on Monday on air services between Britain and China.

Mr Piers Jacobs, Hong Kong's Secretary for Economic Affairs, noted yesterday that CAAC, China's national airline and at the same time its civil aviation authority, operates an average of 59 scheduled and chartered flights into Hong Kong from Chinese cities every week. This compares with an average of seven by the two British carriers entitled to fly, into China —British Airways and Cathay.

"One looks for a degree of balance," Mr Jacobs said. "There is certainly a large imbalance of opportunity at the moment, and it will be an objective of the talks to correct it."

In official terms the talks are between Britain and China, and cover all air service issues concerning the two countries. Hong Kong officials attend the talks as part of the British team and in practice play a leading role in negotiating air services between Hong Kong and the mainland. The current agreement came into effect in November 1979.

The Hong Kong Government disclosures came just a day after it was discovered that China has without warning or explanation withdrawn permission for Hong Kong's Cathay Pacific Airways to increase *charter flights* to Peking.

The airline had hoped to be running three charter flights a week to Peking—instead of the one flight currently allowed—by the time the Peking talks began. In fact, the first of the *new flights* went ahead on Sunday. Cathay learned of the reversal only a day before its second new charter was intended to fly.

If the extra charters had been approved, Cathay had hoped that the charter rights would have been converted into a scheduled service. At present, British Airways has the right to operate just one scheduled flight a week between Hong Kong and Peking.

An additional complication has been the recent emergence in Hong Kong of a number of new airlines, all intent on winning licences to fly in competition with Cathay on routes into China and elsewhere in Asia.

The most serious contender so far is Dragonair, a fledgling airline with just one aircraft, but with substantial financial and political backing from mainland China. An application by Dragonair to fly 21 "charter" flights a week to Peking and Shanghai was recently approved in principle by the Chinese authorities—a puzzling decision in the light of this week's withdrawal of charter rights from Cathay.

Dragonair's application was later refused by the Hong Kong air traffic authorities.

China to probe fraud

CHINA's State Council has ordered a nationwide probe into business fraud and tax evasion, the People's Daily said yesterday, Reuter writes from Peking.

Its overseas edition said the *Ministry of Finance would look* for "extremely serious" bribery, profiteering and speculation in vital raw materials, popular consumer items and foreign exchange.

Reports of people using public funds to give gifts and extravagant banquets will also be investigated, the paper said.

Lu Peijian, head of China's Audit Administration, said yesterday companies had bilked the Government of $1.6bn (£1.14bn) through fraud, waste and tax evasion over the last two years.

● Liang Lingguang, governor of the southern Chinese province of Guangdong, and three deputy governors have tendered their resignations, a Hong Kong communist newspaper reported yesterday, AP reports from Hong Kong.

The resignations are in line with China's new policy of replacing ageing leaders with younger officials.

John Elliott, recently in Karachi, analyses the delicate state of politics in Pakistan

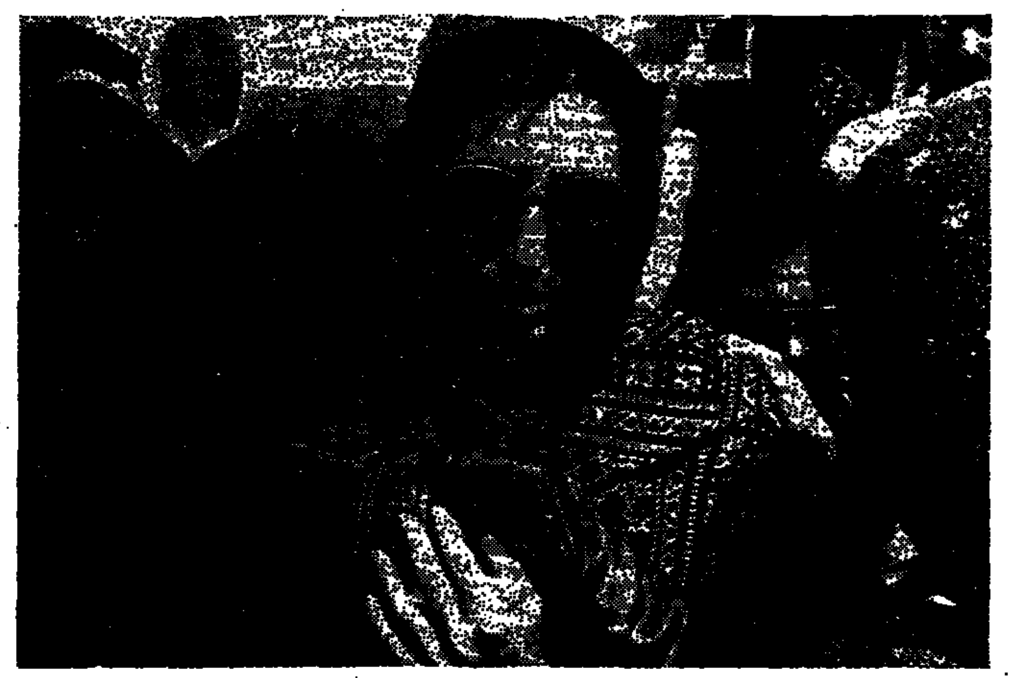
Why President Zia moved against Benazir

THE PLACING of Miss Benazir Bhutto, daughter of Pakistan's late Prime Minister Zulfikar Ali Bhutto, under house arrest in Karachi yesterday, just over a week after she returned to the country to bury her dead brother, underlines the current delicate state of politics in Pakistan.

President Zia ul-Haq, the military ruler who overthrew and then executed Miss Bhutto's father, is facing the most testing time of his eight-year rule as he manoeuvres towards an ending of martial law and a gradual introduction of a form of parliamentary democracy.

He must balance internal and international pressure for an end to military rule against a wish to retain his own personal presidential powers and also, it is believed, against the wishes of some top army officers to stay in power. Senior generals are believed to have expressed this view firmly at a secret meeting in Nathia Gali, north of the capital of Islamabad, two months ago.

Until Miss Bhutto returned to Pakistan nine days ago, there was no significant opposition activity for Gen Zia to worry about. Since then, her activities have aggravated the government and yesterday, it seems, she went too far.



Miss Benazir Bhutto being greeted on her arrival in Pakistan last week

Miss Bhutto wanted to visit the Karachi homes of two political aides hanged earlier this year by the Zia regime. She rejected instructions from the provincial government of Sind, of which Karachi is the capital, not to do so. Fearing the visits would cause unrest, Miss Bhutto was put under house arrest and her home was surrounded by 16 armed policemen, backed up by six truckloads of reserves.

So ended her brief period as a free and active leader of the People's Party of Pakistan (PPP), founded by her father in 1966. He was ousted and then hanged by the Zia regime and she has emerged as the country's most viable opposition leader. But until she returned last week, she has been either under house arrest in Karachi or in exile in London since March 1981.

Although she has held a lot of controversial political meetings during the past week, she has been careful not to speak out too destructively against the Zia régime, and even indicated that she would not try to start any agitation until the Government had time to honour the pledge of its Prime Minister, Mr *Mohammed Khan Junejo*, that there would be "complete restoration of democracy" by January 1.

A senior Sind Government Minister said on Monday she was "free to go anywhere in Sind as long as *she does not* create problems for the Government." Yesterday she was arrested for three months under a martial law order which said she was: "Acting in a manner prejudicial to the security of Pakistan and/or the interest of the state, for the purpose of which martial law was imposed."

It remains to be seen whether the Government is prepared to *shorten the period* of three months to allow her to return to Europe, as she planned, to visit her ill mother in Paris.

President Zia's inherent problem is that his régime, unlike Miss Bhutto's party, has never been popular, with the people. It has been tolerated because it has not (according to most people) been too repressive, and it has diverted attention from its military base by following a programme of Islamisation.

It was also propped up till recently by good harvests and rich remittances from Pakistanis wroking in the Middle East and elsewhere abroad. Those benefits have declined in the past two years.

The country is now facing such serious balance of payments and budgetary problems that it may have to accept help from the International Monetary Fund, which in return would require politically unpopular policies on price subsidies and agricultural taxes. Miss Bhutto would like the PPP to concentrate on highlighting economic *problems*.

But throughout his reign President Zia has shown consumate skill as a political survivor. He has isolated and defeated political opposition, including a major rural uprising in the Bhutto stronghold of Sind two years ago, and has moved restive generals who might challenge his authority. He has also advanced just fast enough towards parliamentary democracy to placate international critics, especially in the U.S., whose economic and military support is crucial to his survival.

His regime has been criticised there and elsewhere for allegedly following a nuclear weapons programme.

The validity or otherwise of these suspicions, plus the changes of a settlement of the Afghanistan problem, would have a considerable impact on the survival of the Zia regime. The proven existence of a Pakistani nuclear bomb, for example, would endanger aid from the U.S. but could also increase the international authority of the regime.

Yet despite President Zia's sureness of touch, the way he grabbed power and the execution of Miss Bhutto's father makes him potentially vulnerable: In the short term to senior army officers who want to stay in power, and the longer term to the popularity of the PPP and the continuing pull of the Bhutto name.

Asked in a recent interview if she would put President Zia on trial for allegedly overthrowing the constitution and for executing her father and other political prisoners, Miss Bhutto said: "It is a question of justice. But if forgiveness and mercy is asked for, it certainly can be given."

In an attempt to build a new popular party, Prime Minister Junejo, who took office when Pakistan's new non-party assembly was elected early this year, recently launched a controversial new Pakistan Muslim League, ridiculed by opponents as a "king's party."

He and President Zia are now widely believed to be aiming at ending at least some of the outward signs of military rule by January 1. They will probably close down local military courts (which are already shedding some of their case load) and may remove the jobs of provincial and local martial law administrators if the generals allow it.

But there is little doubt that *President Zia* intends to remain in supreme command, possibly operating through a new national security council if he cannot retain his present job as chief of army staff. But the increasingly vocal new national assembly may baulk at playing a subservient role to such a council.

Until these developments are clearer, however, there is unlikely to be a base on which the opposition could build new agitation, unless the economy worsens sharply. As she realises, her brother's death has brought Miss Bhutto back to Pakistan a few months too early.

Pilots' chief attacks Japanese investigation into Jumbo crash

BY CARLA RAPOPORT IN TOKYO

JAPAN'S investigation into the recent JAL 747 crash was criticised yesterday by a leading *official in the International* Federation of Air Line Pilots' Associations.

Capt Yonosuke Tsukamoto, regional vice president (north Pacific) accused the Japanese Government of proceeding with an air of "punishment and retribution" rather than true investigation. The JAL Jumbo jet crashed on August 12 killing 520 passengers and crew. To date, no firm reasons for the crash have been found.

Capt Tsukamoto intimated that the Japanese authorities are not making enough use of the foreign officials who came to Japan to help with the investigations. "Without international co-operation, no one will be able to solve the cause of the accident," he said. "This is not a purely domestic matter."

Officials from Boeing, the aircraft's manufacturer, and the Federal Aviation Agency of the *U.S.* are currently in Japan, but it is understood that they have not been directly involved with the Government's investigations into the crash until fairly recently.

"Instead of heaping accusations on the manufacturers or the airline, it would be more constructive to stop leaking contradictory and confusing reports to the press and get on with the job of . . . finding out what went wrong," said Capt Tsukamoto.

Earlier this week, Japan's Minister of Transport called for the resignation of the entire board of Japan Air Lines.

"Criminal investigation is unacceptable to the international aviation community. The key is prevention, not punishment," said Capt Tsukamoto.

AP adds from Peking: Contaminated Chinese fuel caused a Pan Am jetliner to make an emergency landing in Japan, and at least one other foreign airline is diverting flights while Peking fuel supplies are tested, airline officials said yesterday.

Iron filings possibly from pipelines or aviation fuel tankers at the airport, were found in the fuel, the officials said. Fuel suppliers deny any fuel problems.

A Pan Am representative in Peking referred callers to the airline's Tokyo office for information. In Tokyo, a Pan Am official said he had no information on the reported incident.

But managers at Japan Air Lines and Qantas Airways said the problem began when a Pan Am flight to Tokyo in late July developed engine trouble after leaving Peking.

OVERSEAS NEWS

Future of China's reform policies secure, says Deng

BY ROBERT THOMSON IN PEKING

DENG XIAOPING, China's leader, is aware of concern both within and outside the country that China's economic reforms will end when he departs and has stressed that the survival of the reform policy is not dependent on "one man."

At a meeting yesterday with a Japanese Socialist Party delegation in Peking, Deng said the "correctness of China's policies themselves would ensure their survival: If China's reforms achieve the good results we hope for, we will not only ensure sustained and stable development this century, but also in the next one."

He emphasised that the special party conference called for next month would see more young people appointed to the Communist Party's central committee and politburo.

The meeting is expected to give a good indication of the strength of Deng's "reformists" and of the support for Deng himself.

The Chinese leader has attempted to ensure a smooth succession of power by pensioning off older officials – some of whom are ideologically opposed to the open-door policy – and replacing them with younger, better educated and more pragmatic officials. He has attempted to line up not only the next generation of leaders, but also the generation to succeed them.

Deng told the visiting Japanese that the economic restructuring of China was a "great cause."

"We will do our best to avoid making big mistakes and correct any that we do make," he said.

Some people, he said, were worried that China would become a capitalist nation, but that would definitely not happen, and the country would insist on two things: the predominant position of public ownership and the prevention of polarisation of wealth in the drive for prosperity for all.

Pilot 'will go to Taiwan'

SOUTH KOREA'S Government has decided to send the pilot of a crashed Chinese bomber to Taiwan and return the radio operator to China in accordance with their respective wishes, Dong-a Ilbo, Seoul's national daily newspaper, said yesterday, AP reports.

The newspaper, quoting unidentified officials, said that a government announcement on the alleged decision was imminent. No official confirmation was immediately available.

Dong-a-Ilbo also said that the Government planned to hand over the wrecked Chinese aircraft and the body of the navigator who was killed during the crash-landing if China requested. China has not yet made a formal request for their return.

Chinese military aircraft involved in previous defection flights were all kept in South Korea because, one official said, China did not ask for their return.

Thatcher goodwill message

MRS THATCHER has sent a goodwill message to the new military government in Nigeria, Downing Street said today.

A spokesman would not say what the contents of the message were, beyond saying that it was "a goodwill message" but confirmed that it was sent by the Prime Minister early today to he new Government, headed by Maj Gen Babangida.

A Foreign Office spokesman said it was still hoped Sir Geoffrey Howe, the Foreign Secretary, would visit Nigeria on September 10 and 11. The Foreign Office also welcomed the message to the nation broadcast by the new President earlier this week.

The spokesman said: "We found the tone of his message to the nation very positive, particularly as regards the economic problems facing Nigeria."

Among other subjects Sir Geoffrey wants to raise with the Nigerians is the plight of Britons detained by the previous military regime.

18 die in S. African day of violence

BY MICHAEL HOLMAN IN JOHANNESBURG

AT LEAST 18 people have died, 13 of them in the troubled Cape Town black and mixed race suburbs, in South Africa's worst 24 hours of violence since the state of emergency was imposed on July 20.

Journalists have been barred from Cape Town's Guguletu township where some of the worst violence has occurred, with police and army units employing tear gas, rubber bullets and shotguns to disperse demonstrators. Of the 12 fatalities in Guguletu on Wednesday and yesterday morning, 11 were attributed to police action. Other deaths were reported in Paarl and Soweto.

Police were reported by the South African Press Association yesterday to have "stormed" school grounds in Mamenburg and Mitchell's Plain. "Reporters saw police firing shotguns towards a primary school and lobbing tear gas into the playground of another in Mitchell's Plain," said the report.

In Port Elizabeth, the home of a black mayor who had said on television that he supported the state of emergency, was destroyed by fire.

The European Community delegations due to arrive in South Africa today was criticised yesterday by two leading South African churchmen for accepting conditions imposed upon them by the South African Government.

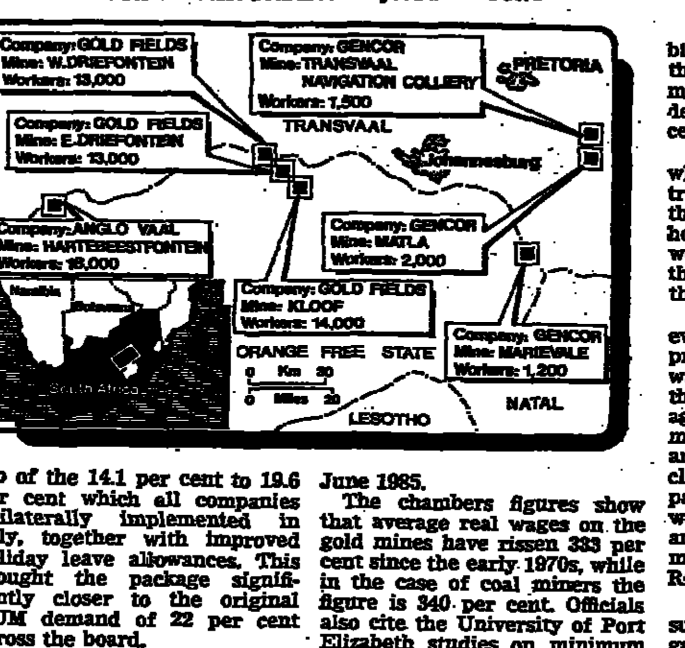
Bishop Desmond Tutu, the Anglican bishop of Johannesburg, and Dr Beyers Naude, secretary of the South African Council of Churches said that they had considered cancelling plans to meet the delegation, which includes three EEC ministers, when they learnt that the delegaion had been refused permission to see the detained nationalist leader, Mr Nelson Mandela.

"In future we do not intend to make ourselves available for similar delegations who have unacceptable conditions imposed on them," said the churchmen.

Black NUM may yet choose to pit its might against the mining groups

Miners strike at complacency

BY OUR CORRESPONDENT IN JOHANNESBURG



THE ONLY piece of good news for the South African Government in a tumultuous week was the decision by the black National Union of Mineworkers (NUM) to back away from a major confrontation with the country's gold and coal mining companies.

Despite calling for a strike from Sunday affecting 60,000 workers on mines owned by Anglo Vaal, Gencor and Gold Fields, the NUM acceptance of new wage offers from Anglo American, Rand Mines (and Johannesburg Consolidated Investments, although JCI has not been a party to the dispute) the union has ensured that the bulk of South Africa's gold and coal production will be unaffected.

However, given the volatile South African political situation, there may still be trouble in store for the mining companies. There is always the danger that the strike on the affected mines—which the companies say they can ride out, given weak NUM representation and the absence of a strike fund—could spread to the company mines which have settled.

Any moves against strikers, say the NUM, will be met by "solidarity action" on other mines. Nevertheless, ever since the Chamber of Mines, in the past united in its treatment of wage claims, split and made a series of unilateral offers led by Anglo American, the miners' union has been in a predicament.

The union is strongest on the Anglo mines — around 80 per cent of its membership — so strike action held the best chance of success there. Anglo's new offer was 2.8 per cent on top of the 14.1 per cent to 19.6 per cent which all companies unilaterally implemented in July, together with improved holiday leave allowances. This brought the package significantly closer to the original NUM demand of 22 per cent across the board.

It is on mines owned by Gencor, Anglo Vaal and Goldfields — who have refused to budge from the July increase — that the union is at its weakest.

But a further factor in the NUM decision is that by South African wage standards, miners have made substantial advances in recent years which, argue the Chamber of Mines, have left the majority of the industry's 465,000 workers reluctant to take too drastic action.

The July pay rise, say chamber officials, on balance outpaced the 16.7 per cent rate of inflation for the year ending June 1985.

The chambers figures show that average real wages on the gold mines have rissen 333 per cent since the early 1970s, while in the case of coal miners the figure is 340 per cent. Officials also cite the University of Port Elizabeth studies on minimum subsistence levels (MSL) which show that the average earnings of a black gold miner, prior to the July increases, were double the MSL for a family of six in the areas from which the bulk of the miners are recruited.

This, however, highlights a further underlying problem: The industry's reliance on migrant labour. The tiny independent state of Lesotho last year provided 21.9 per cent of the gold industry's black labour force, 10 per cent came from neighbouring Mozambique and a further 10 per cent from Botswana, Swaziland and Malawi.

Less than 3 per cent of the black miners actually live with their wives and families on mine property, so the chamber describes the remaining 97 per cent as migrant workers.

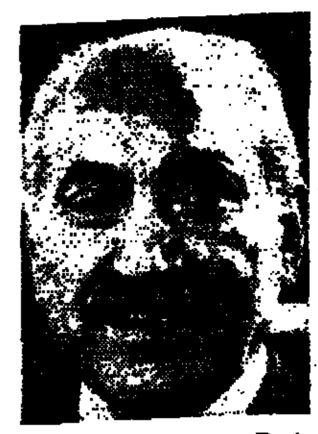
They live in single-sex hostels which, according to one industrial relations expert, symbolise the fact that miners are denied homes of their own while at work. Clearly, the solution to this problem is political rather than economic.

Management points to the evidence showing major improvements in what historically was a harsh labour system. At the end of last year, the average monthly wage for unskilled mineworkers in December 1984 amounted to R358 (£102), excluding fringe benefits compared with a national average wage for blacks of R398 a month and earnings of R315 in commerce, R375 in construction and R465 in manufacturing.

The industry over time has substantially narrowed the wage gap between skilled (predominantly white) and unskilled workers from 20 to one in the early 1970s to five to one now.

Considerable progress has also been made in the eradication of racial discrimination, through job reservation, on the mines.

This progress notwithstanding, employers cannot afford to be complacent. It was only in 1983 that black miners secured industrial bargaining rights, and the coincidences of the advent of unionism with a rising tide of black nationalism may well keep the mines in the political arena.



Mr Shah Mohammed Dost

Pakistan, Afghan talks reopen

By Mohammed Aftab in Geneva

TALKS between Pakistan and Afghanistan opened yesterday following two days of deadlock, and focused on the question of international guarantees by the U.S. and the Soviet Union to enforce any settlement that may emerge.

Pakistan declined to talk directly to the Moscow-backed Kabul regime's Foreign Minister, Mr Shah Mohammed Dost, who had earlier insisted that the four-year-old talks should abandon the old proximity formula, under which the two delegations sit in separate rooms, while Mr Diego Cordovez, the United Nations negotiator, conveys points of view.

Pakistan refuses to recognise the Kabul regime, because it was brought into power by Soviet troops. Only one day of talks now remains because of the deadlock.

"Reactions to the guarantee arrangements had been recieved both from Washington and Moscow," a senior diplomat said.

The four elements involving an agreement are:

- The withdrawal of Soviet troops, within an agreed time;
- The return of nearly 4m Afghan refugees (3m in Pakistan and 1m in Iran);
- The non-interference and non-intervention by other countries and groups into Afghan affairs, and
- The provision of international guarantees.

Some headway has been made on three elements of the proposed agreement, but the question of withdrawal of the 110,000 Soviet troops in the country presents considerable difficulties.

Australian, American held with Fatah group

By Walter Ellis in Tel Aviv

AN AMERICAN and an Australian, together with six alleged members of Al Fatah, the Palestinian guerrilla army led by Mr Yassir Arafat, were still being detained yesterday following an abortive attempt last Saturday to land from a yacht near the Lebanese port of Sidon.

According to the Israeli military, the six Palestinians had been planning "a showpiece attack" on targets in Galilee during the forthcoming Jewish High Holy days.

An Israeli naval patrol intercepted their yacht outside territorial waters and escorted it into the port of Haifa. Interrogation of the two westerners indicated that they had merely agreed to ferry the suspect guerrillas to Lebanon from Algeria. The Al Fatah men, according to Israel, would have made their way across country to Galilee.

An Israeli army spokesman said that the guerrillas had been trainings in Algeria for their intended mission for more than a year.

Three other Palestinians, this time fro mthe occupied West Bank, were issued with administrative detention orders early yesterday and now face deportation. All have histories of conflict with the Israeli forces and all have served prison terms.

The Israeli Government is increasingly concerned about attacks on its forces in the West Bank area. In several recent instances, no culprits have been apprehended, and there is a suspicion that a "get tough" policy has been adopted to deter terrorism in future.

Egypt appeals to ILO over Libya expulsions

EGYPT HAS asked the International Labour Organisation to intervene with Libya to protect the rights of Egyptians who are being expelled from Libya in their thousands by air, land and sea, Trevor Mostyn reports from Cairo.

According to reports, up to 6,000 Egyptian workers have already been expelled after being given the choice of Libyan citizenship or expulsion.

AMERICAN NEWS

GARCIA AIMS TO ELIMINATE TAX CREDITS

Peru rescinds main oil contracts

BY DOREEN GILLESPIE IN LIMA

PERU HAS rescinded operating contracts, signed since 1971, with two U.S.-based companies, Occidental Petroleum Corporation and Belco Petroleum Corporation, as well as a consortium formed by Occidental with Bridas Exploration y Produccion of Buenos Aires.

The companies together produce about two-thirds of Peru's 192,000 barrels per day crude oil.

President Alan Garcia's new radical Government has at the same time authorised the Ministry of Energy and Mines and Petroperu, the national oil concern, the negotiate new contracts with the companies within 90 calendar days.

The aim is to eliminate controversial tax credits authorised during the previous Government and which the Apra party now in Government has long disputed. President Garcia announced the elimination of tax credits in his inaugural adress last month. He said these would be replaced by other incentives aimed at attracting foreign investments.

The decree does not affect two other foreign companies operating in Peru, Royal Dutch Shell and Texaco, who are still in the exploration stage. Although the move comes against the background of a complex and lengthy dispute within Peru over incentives to encourage foreign oil exploration, it risks being terpreted as a warning to foreign investment as a whole.

There was no formal reaction from the oil companies yesterday; but the decision apparently took them by surprise.

In recent days the companies have been having a number of informal contacts with officials to arrange contracts for new blocks. Occidental Petroleum had gone so far as to inform the Ministry of Energy and Mines of its interest in exploring new jungle blocks. Industry sources said yesterday that the companies were disconcerted by the decree announcement and concerned over its tone.

The decision was made public by President Garcia at a provincial town rally exactly a month after he assumed office on July 28. In a populist speech the 36-year-old President said that the tax credits granted to the companies were intended to promote exploration and had not been used in the spirit of the law. As a result the state had suffered large losses in income and a fall in crude reserves of over 200m barrels during the past few years.

President Garcia promised to take legal action against those officials who permitted the law to be misinterpreted. When introduced by the previous Belaunde administration, the Apra party hotly contested the tax credits as being overly generous.

In an effort to balance the President's announcement, the head of Petroperu later insisted that the rescinding of the contracts did not mean any takeover of foreign installations or a halt in either production or exploration. The Government is apparently keen for oil activity to proceed normally during the next 90 days while new contracts are negotiated.

Steelworkers to appeal on labour contracts

BY TERRY DODSWORTH IN NEW YORK

THE United Steelworkers Union of the U.S. said yesterday it would appeal against a precedent-setting court decision which allows companies to use the bankruptcy laws to abrogate their labour contracts.

The union's comments followed a new judgment supporting the action of the Wheeling-Pittsburgh steel group, which filed for bankruptcy last month and later imposed a reduced wage package after nullifying its existing contract.

Wheeling - Pittsburgh's action has sent a chill through the entire U.S. trade union movement, which is already fighting a losing battle against declining membership. Many unions have been forced to accept pay and benefits concessions in the financially hard-pressed heavy industry sectors and are struggling bitterly against a broadly anti-union climate in the present Washington Administration.

The roots of the Wheeling-Pittsburgh case go back to a similar battle at Continental Airlines two years ago, when the company cut wages by half after filing for bankruptcy under the Chapter 11 reorganisation procedures.

This section of the bankruptcy code is designed to give companies rotection from their creditors while they reorganise into a going concern. Until Continental's action, unions had always assumed that their contracts were governed by the labour rather than the bankruptcy laws and that their interests ranked ahead of those of a company's creditors.

Following a political storm over the Continental case, Congress altered the law to demand court approval for companies operating under Chapter 11 who wanted to abrogate their labour contracts. But at Wheeling-Pittsburgh, where the steelworkers went on strike after a proposed pay and benefits reduction to $17.50 (£12.50) an hour from $21.40, this amendment has not given employees the protection they expected.

In a case last month, the bankruptcy judge made a strong ruling for the steel manufacturer, saying that reduced wages were necessary at the company. The latest federal district court judgment in Pittsburgh supported that view. The judge said that the bankruptcy code was not intended to shield employees "from the consequences of an employer's financial plight."

The USW says it is receiving strong national support from other trade unions on the issue and is now planning to appeal to the third circuit of appeal in Philadelphia. It may even take the matter to the Supreme Court. A separate fund has been set up to fight the case, it said.

"We contend that the company failed to demonstrate that it was taking necessary action," the union added.

Although it is fighting hard on the legal question, the USW has constantly said that it is willing to negotiate on the specific wages issue. But it argues that this is a question which has to be tackled by normal collective bargaining processes and for the time being it remains on strike at Wheeling-Pittsburgh.

"We recognise that the company has financial problems," the union said yesterday.

In another incident demonstrating the problems of the U.S. steel companies, LTV, one of the industry leaders, said yesterday that it was reducing salaries by seven per cent from the beginning of next month.

About 8,000 salaried employees will be affected by the move, which will be accompanied by the elimination of Sunday premium and shift differential pay, a change in holiday and overtime pay to straight time rates, and the elimination of two paid holidays.

Bolivia closes banks prior to austerity plan

By Our Foreign Staff

THE Bolivian Government yesterday ordered a one day closure of banks while it introduced a tough economic package to combat the country's massive hyperinflation. A central bank communique said measures would be announced later in the day and that normal banking business would resume today.

One of the main measures will be the scrapping of the Bolivian peso and its replacement by a new unit equivalent to 1m pesos. Bolivia's inflation is running at 14,000 per cent—the highest in the world.

A new exchange rate against the dollar is also expected to be announced to reduce the spread between the official and black market quotations. The official rate is 75,000 pesos to the dollar against a black market exchange of 1.4m pesos.

The economic package comes three weeks after President Victor Paz Estenssoro took office. Since taking over, the new President has encouraged renewed contacts with the International Monetary Fund. He is anxious to work out an arrangement for payments on Bolivia's $4.9bn (£3.5bn) foreign debt that would take into account the country's dire economic plight. Bolivia is $147m behind on principal and interest payments to commercial banks.

Colombia fears reprisals as guerrilla leader dies

BY ROBERT GRAHAM

THE Colombian Government was yesterday bracing itself for terrorist reprisals following the death on Wednesday of Sr Ivan Marino Ospina, a key member of the country's second largest guerrilla group M-19. Sr Ospina, leader of the hardline faction within the left-wing guerrilla organisation, was killed in a shoot-out with security forces in the city of Cali, 450 miles south-east of the capital, Bogota.

The killing of Sr Ospina along with two others and an unspecified number of wounded is the most serious incident since M-19 in June broke a year-long Government-negotiated truce. The city of Cali and the surrounding agricultural zone in the south of Colombia has been the scene of great friction between landowners and the guerrilla movements in recent months.

Friction

The security operation in which Sr Ospina was killed had been prompted by a wave of assassinations, robberies and kidnaps. According to military officials, Sr Ospina was surrounded in a building in a Cali suburb and asked to surrender but instead chose to shoot it out.

Sr Ospina was the head of the M-19's military operations and has been the main figure in favour of breaking the truce sponsored last year by President Belisario Betancur. He claimed that the military had taken advantage of the truce to weaken the guerrilla's military strength. The army, on the other hand, has maintained that elements within M-19 had taken advantage oft he truce to recruit and build up arms stocks.

Colombian officials yesterday said they feared Sr Ospina's death could lead to an escalation of violence, especially in urban areas.

Dialogue

New recruitment is believed to have boosted M-19's ranks to over 5,000 but it still remains much smaller in size to the communist-inspired Colombian Revolutionary Armed Front (FARC) which continues to observe the truce and has formed a new political party, the United Patriotic Front. Recently, elements within M-19 are understood to have made indirect approaches to the government indicating their willingness to resume a dialogue. These overtures now risk being dropped, according to officials in Bogota.

The upsurge in guerrilla violence was underlined by figures recently released by the Defence Ministry for the period July 1984-85. A total of 605 guerrillas, 272 peasants and 243 soldiers and policement died in clashes during this period.

More Boston banks 'may be indicted'

THE U.S. attorney for Boston, Mr William F. Weld, said yesterday he expects three or four Boston banks to be indicted this autumn for failing to report large cash transactions to the U.S. Treasury Department, AP-DJ reports from Boston.

Federal law requires banks to report most cash transactions of $10,000 (£7,142) or more. The law is designed to thwart money-laundering schemes.

Mr Weld declined to name the banks, but three Boston banks have acknowledged in recent months that they are under criminal investigation. They are: Bank of New England Corp, the region's second-biggest bank, Shawmut Bank of Boston, the third largest, and Provident Institution for Savings, one of the oldest U.S. savings and loan associations.

All three said federal investigators had left their banks several months ago and they did not know if they were the banks the U.S. attorney was referring to.

Their disclosures last spring followed the guilty plea of Bank of Boston Corp's First National Bank of Boston in February of failing to report $1.22bn in large cash transactions. It paid a $500,000 criminal fine.

Three New York banks subsequently paid civil fines for currency-law violations. On Tuesday, Crocker National Bank was fined $2.25m.

Margarita Zimmerman in Havana on the problems of job creation

Cuba's hidden unemployed clock on

CUBA'S DRIVE for economic efficiency, energy conservation and increased exports has laid bare hidden unemployment as a major factor of waste.

A study by the Department of Labour Inspection for the capital, Havana, and adjoining areas showed that 18 per cent of the workers in a broad sample of factories, offices and shops had failed to report to work, while another 21 per cent had clocked in but were not at their job station at the time of the inspection. Another 9.5 per cent belonged to the occupational category of "manager" so that they were not obliged to clock in and out.

During on-the-spot surveys in Havana, about 25 per cent of the people questioned while queuing to enter shops and cinemas admitted that they were doing so in working hours. Most of them had simply clocked in and left on the pretext of some "urgent errand," and a few were shopping for their superiors.

The Union of Public Administration Workers, whose members staff the offices and support services of ministries and other Government agencies, says the problem arises from such "widespread practices" in Cuban society as overstaffing and low work loads, which mean a great deal of "surplus time" at work.

Appeals for economic efficiency and tighter work discipline, however, have not been followed by personnel reductions. Cuba's leaders take pains to reassure people that redundant workers will be found new jobs with no loss of pay or seniority.

A month after declaring that only those committed to conservation, saving and austerity could call themselves revolutionaries, President Fidel Castro said in January that the present situation is "to a great extent due to the scale of unemployment at the time of the (1959) revolution, and the heavy pressure on the Government to create new jobs."

Most of the jobs "created" then still exist and are filled by a succession of school leavers, housewives whom the Women's Federation regards as needing employment and youths demobilised from the Armed Forces.

They generally earn the minimum monthly wage of pesos 85 (£80 at the unofficial exchange rate), while the average wage is pesos 160

In a paradox that is characteristic of Cuba today, trade union activists criticise the economic inefficiency embodied in this situation, while, in a different context, they defend make-work low-pay jobs as a kind of subsidy for youth to resume their education and earn a living at the same time.

There is no unemployment insurance because officially there is no unemployment.

The eastern part of the country, especially Santiago, the second largest city (pop: 915,000), is acknowledged by President Castro to have a "surplus labour force." It is absorbed to some extent by the rapidly expanding youth detachements for coffee, cacao and forest development schemes in the nearby under-populated Sierra Maestra mountains.

Young men and women are promised housing and high piece-work rates if they pledge to stay on for two years, or three in the case of couples. This is a mid-1980s version of Cuba's old system of "mobilisations" of employed, but unproductive, city people to the countryside, where they continued to receive their usual pay.

Incentive pay schemes play a key role in what President Castro has called the "economic war of all the people." However, application is advancing slowly, Sr Humberto Perez, the Minister-president of the Central Planning Board, told more than 400 cadre in business administration recently.

Sr Perez said workers should receive 20-40 per cent of their total pay under incentive schemes. However, the Union of Food Processing Workers earlier reported that only about 1 per cent of its members' wages comes from bonuses, the main incentive plan in the industry.

Another clear indication of the change in emphasis from politics to profits has been emerging from the annual meetings of Communist Party memberse in the country's 169 municipalities.

The agenda urges the local party, in order of priority, to make all the enterprises in each area profitable, to conserve financial and energy resources and to see to the political and ideological formation of the new generation.

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The Baron. 6.20 News. 6.40 Appeal. 6.45 Mary O'Hara and Friends. 7.15 | 1.30 Farming Outlook. 2.30 Film: "Botany Bay," starring James Mason | Scotsport. 5.00 Wild Heritage. 5.30 Chips. 11.45 Reflections. 11.50 Golf | Harr. 11.40 That's Hollywood. 12.15 am Company. | Challis (S). 3.00-4.00 Gloria Hunniford Presents Two's Best (S). | 12.00-12.15 am News; Weather. 12.33 Shipping Forecast.

WORLD TRADE NEWS

Toyota firm on keeping up car exports to U.S.

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN DETROIT

TOYOTA, Japan's major automotive group, has no intention of cutting exports of cars to the U.S. as it builds up production there in the next few years, Mr Bob McCurry, senior vice-president of Toyota Motor Sales USA, insisted yesterday.

In 1985, Toyota will sell 900,000 vehicles in the U.S.: 600,000 cars and the rest mainly light pick-up trucks also widely used for personal transport there. This compares with 850,000 vehicles in 1984.

Mr McCurry admitted he still had no idea how many cars the U.S. Toyota company would receive next year because the Japanese were continuing to exercise voluntary restraint on exports to North America. But he hoped the U.S. would be allocated another 25,000 pick-ups in 1986.

Toyota's production plans in the U.S. include extending output of the Freemont, California, car plant jointly owned with General Motors—the world's largest vehicles group—to include the Corolla for its own network, as well as the models currently being made for GM's Chevrolet division.

Preliminary plans have been announced for Toyota's own factories in North America—which start with the output of about 200,000 Camry models a year in the U.S. and 50,000 Corollas in Canada by 1987.

Mr McCurry told the Automotive News world congress that 30 potential sites for the U.S. plant were soon to be evaluated by Toyota in Japan which should make its decision by the end of the year.

Toyota was looking for 800-1,600 acres of flat land in an area with a good labour supply and a good transport system. Accessibility of component supplies would also be a factor in the decision.

Mr McCurry acknowledged that in the near future Toyota would have to cope with competition not only from other Japanese companies setting up in the U.S.—their output together with Toyota's is likely to reach 1m a year by 1990—but also from South Korean imports.

Competition was bound to increase—"I think there will be a big shoot-out in the small car market." But Toyota would not leave the small car sector and be "pushed up market."

Brazil near $900m light truck deal with Chinese

BY ANDREW WHITLEY IN SAO PAULO

BRAZIL IS on the verge of concluding a $900m (£642m) deal with China, for the sale of 60,000 light trucks in knocked-down form over the next ten years.

Final contracts could be signed at the end of next month when a Chinese mission, including representatives of the Anhui Shuzhou Diesel Engine Factory, who will assemble the Brazilian designed truck, is due in Sao Paulo.

Sr Andre de Botton, managing director of the diversified Mesbla group, which has put together the deal, said yesterday that part of the payment would be in the form of counter-trade.

Chinese foodstuffs, such as prawns and soya and other gods, will be exported to the U.S., where Mesbla has a trading subsidiary.

Involved on the Brazilian side are Agrale, the Grande do Sul-based manufacturers of tractors and agricultural trucks, MWM Motores Diesel, the Brazilian subsidiary of the West German vehicle components manufacturer Knorr-Bremse K.G., and Mesbla Trading Inc, a recently established trading company.

Shipment of the trucks to Anhui province in Western China is expected to commence later this year. Over the first year 1,500 will be dispatched, building up to a peak of 15,000 units by the fourth year of the contract.

The contract also involves a complete transfer of technology on the truck, a simple but sturdy vehicle of two tonnes. Its 63 HP diesel engines will initially be supplied by the MWM factory in Sao Paulo, but, at a later stage, could require direct imports from the parent company in Munich.

China pledges to increase imports from Australia

BY ROBERT THOMSON IN PEKING

AN AUSTRALIAN trade delegation has received asurances from Chinese officials that imports of Australian products will continue to increase, despite a large bilateral trade surplus in Australia's favour and despite China's serious balance of trade problems.

The assurance was given to the visiting Australian Trade Minister, Mr John Dawkins, who announced yesterday that Australia and China have signed a memorandum of understanding for co-operation in the wool industry, and that Australia has had a minor coup by securing further wheat sales to China.

Under the memorandum, the two countries will establish a joint working group to study prospects for increased Australian wool exports to China, and for increased Chinese garment exports to Australia, as well as examining the feasibility of each country investing in the other's textile industry.

Australian wool exports to China have boomed in the past year, with greasy wool exports of A$144.4m (£90m) in the last financial year, compared to A$58.6m in 1983-84.

Overall, Australia's exports to China jumped 74 per cent last financial year to A$1.056bn, pushing China up from tenth place to fifth on its export market ladder.

China's exports to Australia rose by 21 per cent to A$367m, producing a deficit of almost A$700m.

Mr Dawkins said officials at China's Ministry for Foreign Economic Relations and Trade accepted his explanation that Australia is only a small market, and can best serve China by providing the resources necessary for exports to other countries.

China's Ministry of Customs announced that the country had accumulated a trade deficit of $7.89bn (£5.6bn) in the first seven months of 1985. Despite the assurances given to Mr Dawkins, how long China can afford to run a large deficit with Australia remains to be seen.

Benin cancels oilfield deal with Norwegians

BY FAY GJESTER IN OSLO AND JOHN WICKS IN ZURICH

THE GOVERNMENT of Benin has cancelled a long-term oil field consultancy deal with Saga Petroleum, the Norwegian oil independent.

Pan Ocean Oil company (Panoco), a Swiss-registered company, will take an operating interest in the field.

Saga said it had received a letter from Benin annulling—without explanation—its contract to operate a small offshore oilfield, Sémé, belonging to the West African state.

Panoco is reported to have concluded a $2bn (£1.4bn) agreement giving it rights to all the country's hydrocarbon resources—including the Sémé field—and promising to boost the field's output from around 8,000 barrels a day to about 25,000, within a year.

Saga has written to the Benin Government asking for an explanation.

The Panoco agreement also covers plans for fertiliser capacities, hydro-electric dams, housing, irrigation, the building of a new international airport, roads and refining facilities.

A Panoco spokesman said the projects would be carried out partly on a contract basis and through joint ventures.

He declined to comment on the breakdown of costs between Benin and Panoco, but said that financing would be by a co-operative effort between Panoco and the Government of Benin and involve a "combination of existing financing and private investment."

Benin, he added, had enough natural resources to support the foreseen programme.

The Sémé field was developed by Saga technicians, under a service contract. About 35 of the company's Norwegian staff are in charge of its operations, and are training Beninese personnel to take over in January 1989.

Saga's experts have helped the Benin Government to prepare geological information about other parts of the country's shelf, for sale to oil companies interested in seeking exploration licences.

The greater part of Sémé's NKr 900m (£75m) worth of production equipment was made in Norway and exported to Benin under Norwegian export credit guarantees.

The project loans raised to finance the development have been gradually repaid from an account in Oslo, with Bergan Bank, into which a large share of Benin's earnings from its oil production has been paid.

This was a part of the financing agreement. About NKr 600m of the debt is still outstanding.

Stewart Fleming in Washington looks at why one U.S. industry has been denied a breathing-space

Reagan takes a free-trade step on shoe imports

THE AMERICAN shoe industry's demands for protection from foreign imports provided the Reagan Administration with an excellent opportunity to nail its free trade colours to the mast.

Although the industry has been making a lot of noise on Capitol Hill — indeed, it was the Senate Finance Committee which urged the international trade commission (ITC) to launch the latest investigation of the impact of imports on the industry — shoe manufacturers are by no stretch of the imagination one of Washington's most influential lobbying groups.

The industry has only a little over 100,000 workers scattered around 10 states. Moreover, both political and economic arguments reviewed by a President who has loudly proclaimed his adherence to the free trade philosophy, pointed in the direction of the decision which he announced on Wednesday, to deny the industry another breathing space in which to match up to foreign imports.

President Reagan, in his statement on the case, reminded Congress that protection for the industry provided by both presidents Ford and Carter had not resulted in a transformation of its international competitiveness.

Dr Clayton Yeutter, the President's trade representative, bluntly told a press briefing: "Our footwear industry will never be competitive with imports."

It is largely the conviction that America's long-term economic performance will be improved if the White House does not impede the structural changes in its industrial economy stemming from fierce import competition, which underpins the Administration's commitment to free trade.

The president pointedly remarked: "In fact, while *unprotected* by quotas, the shoe industry has begun to show positive signs of adjustment. Producers have invested in state-of-the-art manufacturing equipment, modernising their operations and diversifying into profitable retail operations."

To back up its case, the White House argued that protection would cost American consumers $2bn-$3bn, and would expose the U.S. to $2bn (£1.4bn)-worth of compensatory trade concessions under the rules of the General Agreement on Tariffs and Trade.

This in turn could indirectly result in lost jobs in other U.S. export industries and would be damaging to America's trade and diplomatic relationships.

Officials had Brazil particularly in mind here. It exports $1bn worth of shoes a year to the U.S. Moreover, the political situation in the country is particularly tense as its government agonises over the implications of its crushing debt burden.

TOP Japanese officials will be making trips to the U.S. over the next two months largely in a bid to ease trade frictions, Carla Rapoport reports from Tokyo.

Mr Yasuhiro Nakasone, Japan's Prime Minister, will travel to Washington on October 20 when he will meet President Ronald Reagan. Later that week, he will address the U.N. General Assembly. Next month, Mr Susumo Nikaido, vice-president of the ruling Liberal-Democratic Party (LDP), will lead an LDP delegation to the U.S. to discuss trade issues.

Dr Clayton Yeutter

But it is, of course, not difficult to come up with rationalisations for any decision you want to make. Many of these arguments could just have easily been applied to the American steel industry's demands last year for the protection which the Administration conceded just before the Presidential election.

Apart from the greater political clout which the steel industry commands, officials could see that if they caved in on shoe quotas, they would be encouraging literally hundreds of other protectionist special interest groups to come flooding up the White House driveway demanding protection.

Between 200 and 300 individual protectionist Bills are in Congress at present.

Some congressmen have argued that denying the shoe industry protection after the ITC investigation under Section 201 of the Trade Act had produced a recommendation that imports be curbed, will only inflame protectionist passions. Senator John Danforth is threatening another effort to curb Presidential discretion in certain trade decisions.

But the White House clearly feels that the protectionist thrust in Congress is still too inchoate to require major concessions to individual lobbies.

It is against this background, therefore, that the concession which has been offered, namely the President's decision to bring into action the recently strengthened Section 301 of the Trade Act, needs to be assessed.

The symbolism of the President's announcement that for the first time in history the White House is going to itself initiate cases under Section 301 was heavily underlined by Dr Yeutter.

The message being sent out, said Dr Yeutter, is that "we will in the future be very aggressive in defending, articulating, the interests of the United States in the face of unfair trade practices of other nations."

Section 301 of the Trade Act is a potentially powerful weapon. Under it, the President is given *carte blanche* to retaliate against unfair trade practices of other countries by suspending, withdrawing or modifying trade agreements, imposing duties or fees, or blocking access to U.S. markets.

He can take this action in retaliation against any unfair trade practices which, after investigation by the Trade Representative, he deems to be "unjustifiable, unreasonable or discrimatory."

Clearly, a President wantonly wielding this particular weapon in the arena of international trade could pretty quickly destroy what is left of the free trade system, and that is not what this President or this Administration is about to do.

Indeed, officials prepared to lift the veil a little on what is likely to surface, point out that Dr Yeutter had to fight hard within the White House to secure the statement on Section 301 which the President made.

Although no final decisions have been made, it seems that the Administration will employ Section 301 against a few carefully selected targets, targets which meet with its desire to improve the access of U.S. goods and services to foreign markets, rather than provide protection for domestic industries.

South Korean restrictions on foreign sales of casualty and life insurance, Japanese restrictions on tobacco, leather and perhaps aluminium imports, and Brazilian curbs on certain computer imports are said to be among the items on the list.

The Administration's harshest critics in Congress are clearly not going to be satisfied with this reformulation of trade policy which does not protect their constituents against what they see as unfair trade practices abroad.

The battle over trade policy, however, is only beginning to heat up. As next year's Congressional elections approach and there is still no sign of the $150bn U.S. trade deficit shrinking, the conflict will intensify.

UK NEWS

Airline services almost normal despite 737 engine checks

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS was running a near-normal service yesterday, despite the withdrawal of four of its Boeing 737 jets for changes to engine combustion chambers. Some flights were combined to ensure that schedules could be maintained.

The work on the engines followed the checks on all such aircraft ordered by the UK Civil Aviation Authority (CAA) earlier this week after the disaster at Manchester airport last week.

An engine of a Boeing 737 of British Airtours (a subsidiary of British Airways) exploded on take-off and caused a fire which killed 55 of the 136 passengers and crew on board.

The checks on the UK fleet cover all 737s with Pratt & Whitney JT8D engines which have previously had modifications to parts of their combustion chambers. The Boeing at Manchester had had such a modification.

Similar checks on the same version of the 737 are being conducted in the U.S. on the instructions of the Federal Aviation Administration (FAA).

The FAA checks will cover some 2,000 JT8D engines, out of a total of 12,000 in service world-wide, in Boeing 737s, 727s and McDonnell Douglas DC-9s. They are all of the series 15 version.

The FAA checks will take longer to undertake than those in the UK, because of the large number of aircraft involved, and spokesmen were unable to indicate how much travel disruption might be caused.

In the UK, BA said late on Wednesday that four of the 12 aircraft (out of its total 737 fleet of 44 aircraft, also used by Airtours) had been grounded because of combustion chamber defects. It would take several days for these to be repaired.

In the meantime, reserve aircraft have been brought back into service to help maintain schedules.

Among independent UK airlines with 737s, Air Europe said its three aircraft were back in service. Orion Airways said its entire fleet of nine was serviceable. Britannia Airways said checks had still to be completed on four aircraft out of 13 covered by the CAA's directive, but it was hoped there would be no delays or cancellations.

British Midland and Dan-Air, using DC-9 jets, were not affected.

BA said that, in addition to replacing the faulty combustion chambers on the four grounded aircraft, it would also check the other 32 Boeing 737s in its fleet not covered by the CAA directive, as a matter of prudence.

The International Air Passengers' Association, a private body which caters for air travellers' interests, said in Amsterdam that the industry should pay much more attention to such safety matters as non-toxic seat materials, improved seating arrangements and emergency aisle lights.

Mr Hans Krakauer, its senior vice-president, said that the number of disasters could be reduced if the industry produced safer aircraft.

The association wanted to see more and bigger emergency exit doors and the banning of smoking on flights of less than three hours.

Mr Krakauer said he intended to raise these matters at an air safety conference being organised in Seattle next week (the home of Boeing) by the U.S. Department of Transportation.

The conference was set up some time ago, but recent disasters will figure largely on the agenda.

● The marked growth in UK air travel earlier this summer was continued in July, with the British Airports Authority's seven airports, including Heathrow, London, handling over 5.7m passengers, a rise of 5.1 per cent over July last year.

For the 12 months to end-July, the gain over the previous year was 9.1 per cent, to a total of nearly 52m passengers.

Heathrow handled 7.4 per cent more passengers in July than a year earlier, at over 3.15m. Gatwick, south of London, handled 5.3 per cent more at 1.83m.

For the 12 months to end-July, Heathrow's total amounted to 30.8m passengers, a gain of 10.4 per cent, with Gatwick handling 14.44m, a gain of 8.1 per cent.

Breakaway miners to register rule book

By Our Labour Staff

MINERS' LEADERS who intend to establish a new union in the mining industry to rival the National Union of Mineworkers (NUM) plan to submit the rule book of the fledgling grouping to the Government's Certification Officer within the next few days.

All independent trade unions are listed and registered with the Certification Officer, who has to approve their rules before they are given legal recognition.

The new body will be called the Union of Democratic Mineworkers and plans initially to take in NUM's Nottinghamshire and South Derbyshire area and the Durham-based Colliery Trades Alliance and Allied Workers (CTAWA) a breakaway union which claims 1,500 members.

Establishment of the union is dependent on a ballot of all members in the three areas scheduled to be held in late September. A simple majority is needed to sanction the formation of the union.

Meanwhile, leaders of the breakaway union have drawn up contingency plans which anticipate a ballot victory. At a meeting last week at the Notts areas headquarters, it was agreed that Mr Ken Toon, at present general secretary of the NUM's South Derbyshire area, will act as president of the new union in an interim capacity.

Mr George Hunter, chairman of the CTAWA, will act as vice-president, and Mr Roy Lynk, general secretary of the Notts NUM will also serve as general secretary of the Union of Democratic Mineworkers, until a ballot of the full membership is held next year.

Mr Trevor Bell, general secretary of Cosa, the white-collar section of the NUM, had earlier been offered – but refused – the general secretary's post in the new union grouping.

He said yesterday that he was approached by intermediaries and told that a figure of his stature within the NUM could boost the standing of the breakaway body.

Mr Bell is known to be opposed to the leadership of Mr Arthur Scargill, the NUM president, but he is also opposed to a split in the NUM and will today stand out against pressure within Cosa for a breakaway when the section's general council meets in Derby.

The structure of the new union is designed to allow individuals, pits and areas to join with relative ease once the body is established. The only full time post is that of general secretary, who will be elected for a five year term of office.

Work gets under way on prospectuses for docks privatisation

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE DEFENCE Ministry's controversial plans to privatise the management of the Royal Dockyards inched forward yesterday with the announcement that Touche Ross & Co, the management consultants, have been appointed to draw up a prospectus of the yards for use by interested companies.

According to officials, the prospectus should be ready in about two months. Interested companies may be asked to make preliminary visits to the yards in early October, but visits designed to elicit more detailed information are unlikely to take place until November or December several weeks behind the Government's tentative schedules set last July.

The trades unions involved in the dockyards yesterday pledged their continuing opposition to the Government's privatisation plans. A working party composed of representatives from both industrial and non-industrial unions of the 20,000 strong workforce has called for protest and demonstrations to greet "consultants employed to value the assets of the yards' as well as the 'arrival of any commercial managers or agents'

Private companies "must be left in no doubt as to the opposition of the workforce" to the government's privatisation plans, according to Mr Paul Toon, negotiator for the Institute of Professional Civil Servants and a leading opponent of the plans.

Mr Michael Heseltine, Defence Secretary, announced on July 24 that the management of the two dockyards of Rosyth (Scotland) and Devonport (West of England) would be contracted out to private enterprise from April 1987.

The yards have an annual turnover of about £400m from refitting all the Royal Navy's ships, from the Polaris nuclear submarines to minehunters. The Government will retain ownership of the fixed assets of the yards, but will lease their management to commercial companies for periods of five years or more.

Mr Heseltine told parliament in July that Babcock International Balfour Beatty, Costain, Plessey, STC and the Weir Group were among the companies which had shown an interest in the dockyards. The companies themselves are withholding comment until the prospectus is available and more detailed negotiations possible.

Decline in company liquidity is halted

THE CASH position of large industrial and commercial companies in Britain improved in the second quarter of this year, reversing the downward trend seen since the autumn of 1983, according to the latest official survey, Philip Stephens writes.

The survey, published today by the Department of Trade and Industry, shows that the net current assets of big companies rose by £1.2bn in the three months to June.

The net position measures the difference between short-term assets such as bank deposits and government securities held by companies minus liabilities due for settlement within 12 months.

At the end of the second quarter the companies covered by the survey held current assets worth £20.2bn, while their liabilities amounted to £20.6bn. That left them with a liquidity ratio (total current assets as a percentage of current liabilities) of 98 per cent.

The ratio had previously fallen from a high of 120 per cent in mid-1983 to 92 per cent in the first three months of this year, despite the strong rise in corporate profits over the same period.

The apparent contradiction can be explained in that much of the extra profits have gone in investment, takeovers and restocking, while the acquisition of long-term assets does not show up in the survey.

The department's figures, which cover all companies with more than £22m in capital employed in 1982, also highlight the diverging cash position of the manufacturing and non-manufacturing sectors.

The liquidity ratio of manufacturing companies fell to 86 per cent at the end of the second quarter, while that of the non-manufacturing sector – including the oil and service industries – rose to 149 per cent, the highest since 1979.

□ ENGINEERING output continued to increase in the second quarter of this year, with a 1.5 per cent increase over the first quarter. Mechanical engineering outperformed electrical and instrument engineering, with an increase of 2.5 per cent, compared with the latter sector's increase of 1 per cent.

A total of 16 of the 25 mechanical engineering industries showed increases in output. The boiler and process plant fabrication industries showed a 3 per cent higher output, while other mechanical, marine and precision engineering raised output by 6 per cent.

The largest fall in output in the second quarter was in the printing and bookbinding machinery industry, where output fell by 19 per cent compared with the first quarter. Output in the chemical and related industries plant sector fell by 12 per cent.

□ AUSTIN ROVER BL's subsidiary, the last of Britain's big three car is groups to announce price increases timed to coincide with the August peak sales period.

In the hope of promoting a last-minute rush to its dealers during the last weekend in August – a month already heading for near-record total sales of perhaps 350,000 – Austin Rover said its car prices would go up by an average of 2.85 per cent on Sunday.

Austin Rover is still keeping up the competitive pressure because its price rise was below those recently announced by Ford – an average of 3.1 per cent – and General Motors-Vauxhall, 3.4 per cent.

□ COMPULSORY auditing requirements for smaller companies should be scrapped, the Institute of Directors has recommended. Shareholders in small private companies should be allowed to decide for themselves if they need to prepare annual accounts or have them audited, the IoD said in its response to a consultative paper issued by the Department of Trade and Industry on Accounting and Auditing Requirements for Small Firms.

□ ROLLS-ROYCE, the UK state-owned aero-engine maker the Government wants to privatise, has agreed to become the majority shareholder in Deeside Titanium, after the acquisition of the shares previously held by Billiton UK, a wholly owned subsidiary of Royal Dutch Shell.

The Deeside Titanium plant is the only producer of titanium granules in Europe and was built to meet the specialist requirements of Rolls-Royce and IMI Titanium. Rolls-Royce declined to say how much it paid for the shares.

□ NET overseas earnings of the British film and television industries rose to £125m last year – the third successive year of increase. Earnings totalled £101m in 1983 and only £41 in 1981. Almost all of the increase was earned by the film industry according to latest Department of Trade and Industry statistics. Film companies' net earnings rose by 33 per cent between 1983 and 1984 while those of television companies fell from £8m to £1m.

□ DIESEL cars have been given a vote of confidence by the latest issue of Which?, the Consumers' Association magazine.

In a special report on diesel cars, the magazine says: "If you think diesel cars are slow, noisy and smelly, think again." It points out that in nearly all tests, diesel cars were found to be "as civilised as their petrol equivalents and can make economic sense for low-mileage drivers."

Surge in tourism from U.S.

By Arthur Sandles

BRITAIN's dependence on the U.S. market for the country's present boom in incoming tourism has been shown yet again by the latest official figures.

These show a 14 per cent increase in June in the number of arrivals compared with the same month last year. While the number of visitors from the U.S. surged, that from the Western European countries showed a less impressive rise and arrivals from other parts of the world – including Japan – fell.

Provisional Department of Trade figures for the second quarter show that 4m visitors came to the UK, which was 13 per cent more than in the same quarter of 1984. North American traffic rose by 40 per cent.

Over the first six months, traffic was up by 11 per cent, with the U.S. proportion of this up by 36 per cent.

The boom in traffic from the U.S. has led to the UK being in surplus on its tourism account in the first six months of this year. In the first half of 1985, the travel account showed a surplus of £96m, compared with a deficit of £246m in the first half of 1984.

Another factor in this surplus is the sluggishness in the market for Britons travelling abroad.

The figures suggest that the six-month total was 8.8m, 4 per cent less than a year earlier, with expenditure rising by 6 per cent to nearly £2bn.

Analysis of the figures confirms trade reports that business has picked up during the year. The first-quarter figures were showing much poorer figures.

July and August are the peak months for both inbound and outbound traffic.

There is some conflict in the official figures and reports from other sources.

Goldman moves into equities community

BY ALEXANDER NICOLL

GOLDMAN SACHS, one of the most important market makers in internationally traded equities, will today begin contributing prices for certain non-British stocks on the London Stock Exchange Automated Quotation system, SEAQ International.

Although the U.S. investment bank will join the restructured gilts (Government stocks) market next year as a primary dealer, today's move is its first step towards joining the established London community in equities.

Goldman has not yet said whether it will apply to join the stock exchange after the market's structure is radically altered in the so-called "Big Bang" next year, but is keen to stress that it does not wish to be seen as a rebel.

Mr Tony Rebello, vice-president for international arbitrage, said entry into SEAQ International would help it to assess the direction of London market reforms and to have a voice in them.

Its admission brings to six the number of non-stock exchange members now contributing prices – at present by telephone, but eventually through terminals – on non-British equities. The others are Bache Securities, County Securities, E. F. Hutton, Shearson Lehman and Vickers da Costa. Also showing prices are 10 international dealerships formed by existing exchange members.

SEAQ International, which has a waiting list of applicants, was established in June as a pilot scheme ahead of introduction of the full automated system for domestic equities next year. Participants in the market can act as both principals and agents, as will be allowed fully in the UK next year when the "single capacity" market making system is abolished.

Goldman will show prices for Scandinavian, Dutch and Japanese stocks on the exchange's Topic screens, and may add other European continental and Asian countries later. Its London staff do not at present make markets in U.S. equities.

Goldman is one of the biggest traders in American Depositary Receipts (ADRs) issued by UK companies.

Scientist appeals on company ownership

BY DAVID FISHLOCK, SCIENCE EDITOR

Dr Hilsum: more commitment to industry

AN APPEAL for greater ownership of British companies by other industrial companies and banks committed to industry and less by City of London institutions "interested mainly in guaranteed returns" was made by Dr Cyril Hilsum, chief scientist of GEC, at the annual conference of the British Association for the Advancement of Science at Strathclyde University, Glasgow, yesterday.

Dr. Hilsum said that in Japan pension funds, insurance companies and unit trusts have a 20 per cent stake in Japanese industrial companies compared with 58 per cent in British companies.

Banks and industrial companies own about 44 per cent of the shares in Japanese companies, compared with only 5 per cent in Britain.

Individuals held almost the same proportion in each country – 27 per cent in Japan and 28 per cent in Britain.

"The average Japanese company not only has most of its shares in the hands of committed organisations, but has a higher fraction of the company owned by material and goods suppliers, who are more interested in doing business than drawing dividends," Dr Hilsum said.

He concluded that putting science to use – the main theme of the conference – "concerns not just the scientists and the industrialists, but also those who manage our financial institutions."

Dr Hilsum chided the Financial Times specifically for its published criticisms of GEC's alleged "cash mountain," illustrating that in relation to its international competitors GEC was neither a particularly large nor a cash-rich company. It ranked only eighth in sales among the world's leading electronics firms, with less than half the turnover of Siemens or Philips.

He produced a cartoon of "cash mountains" showing how GEC was dwarfed in Europe by Siemens' reserves, while Europe and the U.S. were both overshadowed by what he called the Himalayas of Japanese industry.

But if Britain had failed to find a good way of linking its universities and industries in a common objective to innovate, so had Japan, "where industry ignores the universities in applied science, and the universities largely ignore basic science."

Dr Hilsum stressed the importance of market research in innovation. Most venture capitalists and managers in large firms wanted to know in advance whether a new invention would command a large market, or a new process would increase an existing market.

Most university scientists and many research workers in industry would assume that market research could be undertaken only by people paid to do it. "You would be better advised to do it yourself," he said, especially if the product was radically new and required imagination in predicting potential uses.

Dr Hilsum also emphasised the crucial importance of finding a zealous champion – an intrapreneur, as he called him – who would bring together the resources and talents needed to drive an innovation to commercial success.

Pay claim for 1m workers submitted

BY DAVID THOMAS, LABOUR STAFF

THE ENGINEERING unions have submitted a four-point pay claim, including a demand for a substantial pay rise, to the Engineering Employers' Federation (EEF).

The national minimum rate agreed between the Confederation of Shipbuilding and Engineering Unions (CSEU) and the EEF directly determines the pay of 1m workers in the 5,000 member companies of the EEF.

Indirectly, it affects the pay of a further 750,000 workers employed by companies which normally follow the CSEU-EEF rate.

The unions have not yet put a figure to their claim for a substantial rise, but Mr Alec Ferry, general secretary of the CSEU, said yesterday that engineering workers' pay rise had fallen behind the rate of inflation. He would, therefore, be looking for an increase "above 6–7 per cent."

The second part of the claim is for the adult rate to be paid to workers at 18, rather than at the present age of 20. A recent survey by the independent pay review body, Industrial Relations Services, showed that the adult rate is paid at 18 in 65 per cent of negotiating groups.

The third demand is for overtime payments to be calculated on the basis of pay rates set by individual companies. Company pay scales are usually substantially above – by £10–£30 a week, according to Mr Ferry – the minimum set by national negotiations.

Mr Ferry said the claim covered a "very limited spectrum of issues." Normally, he said, the claim would also have covered working hours and holidays, but these had been excluded because they were being discussed by the EEF and the CSEU in a separate negotiating committee.

Ray Snoddy reports on the ITV submission to the Peacock committee

Advertising on BBC opposed

THE PRIME casualty of the BBC's taking advertising would be the regional system of independent television, the ITV companies argue in their submission to the Peacock committee, which is examining ways of financing the BBC.

One suggestion is that the BBC, at present mostly financed by a licence fee, should accept advertising.

Mr David Plowright, managing director of Granada Television and chairman of the Independent Television Companies Association (Itca), said yesterday its evidence demonstrated that there was not sufficient extra advertising revenue to make any significant contribution to financing the BBC.

"If there are any advertisements on the BBC the money will come from independent television," he said. "If the money comes from us, even at a level of £150m a year, the regional system of independent television is no longer a profitable or a viable one."

The result, Itca believes, would be mergers between regional companies and the concentration of independent television in London and a few other large cities.

The Itca submission is one of the crucial documents for the Peacock committee, set up in March by the Government to look at the advantages and disadvantages of alternatives to the licence fee, which costs £58 for a colour television.

The Newspaper Society, in its own evidence to the Peacock committee, opposes advertising on the BBC which it says could lead to heavy losses of revenue for other media.

The society, which represents 267 members publishing over 1,200 local and regional titles, says that the lost revenue could lead to the closure of some paid-for newspapers.

Mr Robbie Thomas, the president, said that if for political reasons advertising on the BBC was thought necessary, then the society wanted it to be limited to four minutes a day.

Itca argues that the key factor underlying the diversity and quality of British broadcasting is the fact that ITV and the BBC have not been called upon to compete against each other for the same source of funding.

The 16 ITV companies state unequivocally their belief that the licence fee is the best means of funding the BBC. "If a better one is available, we have not come across it," the submission argues.

The sales directors of Itca argue that advertising on the BBC would attract a premium of at least 20 per cent.

There would also be strong pressure on ITV to provide audiences of guaranteed size and to build viewing figures by relying on "safe and familiar" shows that have already demonstrated their popularity.

The Itca case includes three commissioned pieces of research.

Brown Shipley, the merchant bank, studied the likely effects of BBC advertising on ITV companies. The bank found that even limited advertising on the BBC would put the smaller companies into loss and threaten the future of others.

It would also pose a serious threat to independent local radio and be damaging to various sections of the press.

Professor Harry Henry, professor of marketing and media policy at the independent university of Buckingham, studied the probable result of an increased supply of television advertising.

Prof Henry concludes that advertisers would in general spend the same amount as now, but advertising rates would tend to rise rather than fall. He considers that when an advertiser decides to switch money into television, he is increasing the demand for an existing supply of television audience which cannot be increased.

"In conditions of inflexible supply, and particularly this one, the result of increased competitive activity will be higher prices, not lower ones," he says.

Professor Alan Budd, professor of economics at the London Business School, suggests that the high rate of television advertising growth that prevailed until the autumn 1984 decline is unlikely to be continued. He considers that advertising on the BBC would reduce ITV revenue and lower standards.

The Itca submission proposes that licence fee payments should be made more frequently to reduce the shock to the consumer of a single annual payment.

The ITV companies would also like to see decisions on licence-fee increases distanced from the political arena by giving the responsibility to an independent non-political board.

Itca concludes that, as British broadcasting continues to grow and break new ground, what was acknowledged to be fundamentally sound should be preserved.

"The public interest would not be well served by pulling up roots which are demonstrably healthy and productive," Itca argues.

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The Baron. 6.30 News. 6.40 Appeal. 6.45 Mary O'Hara and Friends. 7.15 | 1.30 Farming Outlook. 2.30 Film: "Botany Bay," starring James Mason | Scotsport. 5.00 Wild Heritage. 5.30 Chips. 11.45 Reflections. 11.50 Golf | Hart. 11.45 That's Hollywood. 12.15 am Company. | Challis (S). 3.00-4.00 Gloria Hunniford Presents Two's Best (S). | 12.00-12.15 am News; Weather. Shipping Forecast.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Ford seeks to exploit a W. German image

Kenneth Gooding explains the U.S. car maker's import strategy

AN AMBITIOUS plan by Ford to sell in North America an annual 100,000 cars built in West Germany has got off to a ragged start. Potential new customers, who would have boosted Ford's market share and profitability, are simply not behaving as market research suggested they would. Thus, the company will sell only 13,000 cars in the first year instead of the targeted 20,000.

Nevertheless, Ford remains confident that by 1990 it will achieve its target and establish itself as the leading importer from Europe of luxury cars—the sector which is the fastest growing part of the U.S. car market.

The model it is importing is the Merkur, a range based on cars designed by Ford of Europe: the Sierra and the Scorpio-Granada. And there can be few more vivid examples of the way Ford today is harnessing and co-ordinating its worldwide resources than the Merkur project.

It gives extra work for Ford facilities in Belgium, Brazil, France and West Germany. At the same time it provides a vital element in a programme designed to strengthen the group's up-market Lincoln-Mercury division in North America on which the Ford group is relying heavily for future improvements in sales and earnings.

In the States Ford is emphasising the German origins of the Merkur range—German cars are perceived by American buyers to be high quality, high performance, safe vehicles, and a good investment to boot.

The Sierra's designers knew from the outset that, although it was to be a car primarily for the Western European markets, it would also be sold in North America. Harold "Red" Poling, Ford's president, goes so far as to suggest it is really the first Ford product designed for marketing in the U.S. as well as its original markets in Europe. "If you don't design a car from the start to meet the regulatory requirements in all of the countries you'd like to sell it in, you get into big, expensive problems."

The first Merkur was launched in January and is called the XR4Ti and is heavily based on the Sierra XR4.

Karmann, an independent company based at Osnabruck, West Germany, was chosen to assemble the Merkur model launched in the U.S. in January—the XR4Ti. Based heavily on the Sierra XR4, it uses parts supplied from Ford's Sierra factory at Genk in Belgium as well as those Karmann produces itself. Transmissions are from Ford's plant in Bordeaux, France, and a turbo-charged 2.3 litre V6 engine, designed by Ford of Germany, is produced by Ford of Brazil.

There was considerable debate at Ford's headquarters in Dearborn in the U.S. about how the European cars should be marketed. A great deal was at stake. That sector of the U.S. car market consisting of luxury cars imported from Europe seems to be recession-proof. Sales which in 1977 were only 83,000, or 0.7 per cent of the total in the U.S., rose steadily and steeply through the worst post-war slump in the car market to 175,000 in 1980 or 2 per cent of the total.

Network

With overall U.S. car demand recovering and the added attraction of the high value of the U.S. dollar, the Europeans boosted sales to over 400,000 last year at prices between $15,000 and $60,000 per car. In 1986, among the successful European companies, Volvo expects to sell more than 100,000 cars, Audi and Mercedes about 85,000 each, BMW, 80,000, and Saab 38,000.

Ford studied various ways of putting its European range on the North American market and first rejected the idea of setting up an entirely separate dealer network — it woud have been Ford's third — because the projected sales volumes would not have warranted the necessary investment by dealers (it can cost over $2m to set up a new car dealership in many U.S. towns). Neither was it deemed a good idea simply to add the European cars to those offered by the Lincoln-Mercury dealers — there are 842 independent dealers plus another 1,985 who also sell Ford badged cars.

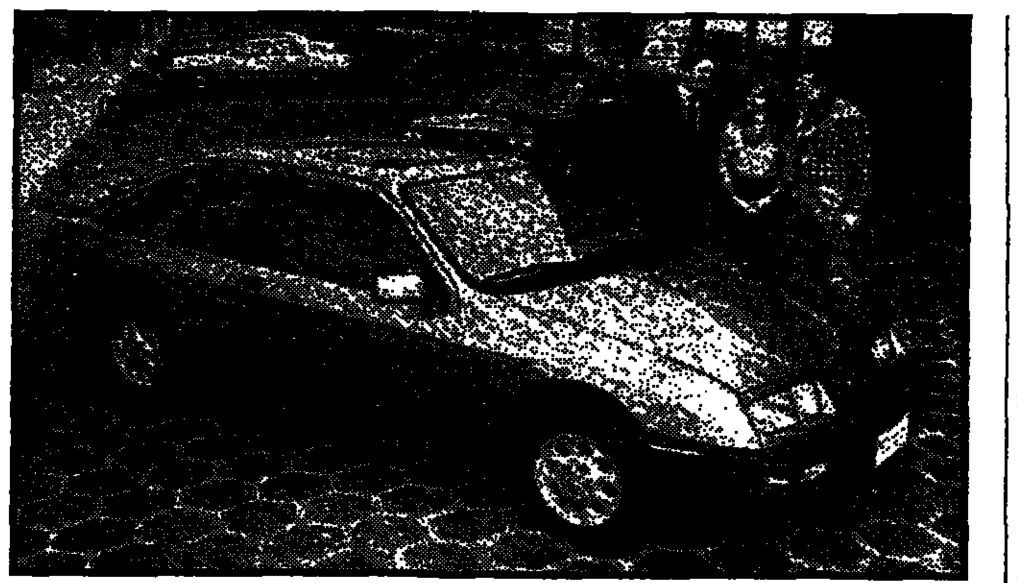
The imports, it was decided, should go only to those Lincoln dealers which had already proved their worth in terms of giving good service to customers and were willing to invest in high quality facilities and staff training for the European cars.

Tom Wagner, a Ford vice-president, recently appointed general manager of the Lincoln-Mercury division, points out: "It gave us a chance to send a clear signal to the whole Lincoln-Mercury franchise that it was no longer business as usual. It showed them we expect certain standards." The 772 dealers given the franchise to sell the Merkur XR4Ti will not even necessarily get the second in the range, a version of the Scorpio, known in Britain as the Granada.

Nothing caused the U.S. Ford executives more heart-searching than finding a suitable name for the European range. Eventually Merkur, the German word for Mercury, was chosen but it was by no means universally welcomed within Ford, and brought with it the added complication that Americans seem unable to pronounce the word correctly. Therefore, as part of the promotional expenditure, Ford has issued "a pronunciation guide to European automobiles" which sets out to show it is not the only company selling a European car with a strange sounding name.

The guide contains, for example, information that the Germans pronounce Mercedes as "Mare-tsay-dess" and BMW is "Bay-emm-vay." The guide is aimed primarily at radio and TV reporters to make sure they pronounce Merkur correctly—that is "Mare-coor." Even so some of Ford's top executives still get it wrong. The name is prominently displayed on the ovoid badge which adorns the cars, together with the inscription "Ford Werke, Köln, Germany."

There was also a need to educate the Lincoln dealers who would meet a type of customer they had never dealt with before. They attended meetings at six race tracks around the U.S. where drivers from the Bob Bondurant school of high performance driving put the Merkur XR4Ti through its paces. Dealers and their sales people also had the chance to drive the cars and to compare them on the track with the Audi coupè GT, BMW 318i and Saab 900 turbo. They also watched presentations about the competing models and listened as David Davis, editor of Car and Driver, a magazine for driving enthusiasts, described to them the territory they were about to invade.



The Merkur is based on the European Sierra and Granada/Scorpio ranges

In spite of the careful preparation, the Merkur launch has been dogged with difficulties. The seven week strike by West German metal workers early last year caused a two-month delay to the U.S. launch. This then weakened the impact of rave reviews for the car in the "buff" magazines, which apepared at the time when the Merkur should have been introduced.

Ford's early market research showed most American customers for models competing with the Merkur preferred fairly spartan interiors and five speed manual transmissions in their cars. However, Merkur customers so far show a massive preference for the optional leather upholstery, electric sun roof and automatic transmission rather than ordering the $16,361 standard version.

But supplies of these items are limited and can be provided for a maximum of only half the planned output. So Karmann's assembly line has been cut from two shifts to one shift working, while Ford attempts to get supply and demand back into balance.

What the research failed to establish was that the Merkur would attract not only buyers of European cars but also those of sporty Japanese and American models who predominantly prefer automatic transmissions and gaudy interiors.

Tom Wagner says the factory will get back to double shift working by the end of this year by which time U.S. sales should be running at a monthly 1,800 or an annual rate of 20,000. New upholstery to be introduced in 1986 might also help diminish the excessive demand for leather.

Dramatic changes have been made to the original U.S. specification of the Scorpio as a result of the lesson learned and it will be "much more American in style" when it goes on sale next autumn. The arrival of Scorpio should boost Merkur sales to 30,000 in 1986 (including 9,000 to 10,000 Scorpios).

Income

Customers are even more well-heeled than the market research suggested. The typical Merkur customer was expected to be 33 years old with an income of $42,000 a year. Sixty per cent would be graduates, 68 per cent males. In practice, while age, education and sex are running true to form the average annual income of the Merkur buyer is $65,000.

While it would be a tall order to persuade a customer for a German car to switch to a Lincoln, Wagner hopes he might like what he sees and choose Lincoln as a second car. "We have certainly raised the level of consciousness about what Lincoln Mercury is."

Most important is that Merkur sales are not stealing from Lincoln or Mercury or Ford and are thus increasing the Ford group's total market penetration.

The introduction of the Merkur is part of a wider strategy to develop a Lincoln Mercury product range quite distinct from that of the sister Ford division. Mercury cars, now often perceived as "expensive Fords" are to be re-established as enthusiasts' cars and by 1990 six of the ten model range offered by Lincoln Mercury (including the Merkurs) will be exclusive and not Fords with different badges on them. Wagner suggests that by 1990 Lincoln Mercury sales will rise from about 700,000 a year to 800,000 and that "850,000 is within touch."

Much depends on whether 100,000 is the upper limit for the Merkur range—which will be expanded to include a third model based on a version of the Sierra.

Wagner admits most Americans still don't have any idea what a Merkur is. To redress this, advertising is being boosted considerably and the cars will be taken to race tracks in 24 key markets and potential customers invited to drive them. "This should produce a big response and create tremendous word-of-mouth reaction," Wagner predicts.

He adds: "I feel very good about the Merkur. I am a little disappointed we didn't have a faster start. But sales are moving now. The car has great dealer support and that is very significant. They love the car so they will sell it enthusiastically. I am sure it will do magnificent things for the Lincoln Mercury dealers and the franchise. I predict a year from now the Merkur will be one of the hottest cars in America."

Workplace blood pressure tests

BY IAN HAMILTON FAZEY

DR RALPH RUSS RUSSELL thinks that companies could take an important lead in preventive medicine by putting sphygmomanometers in factories and offices.

A sphygmomanometer is the inflatable cuff and attachments used by doctors or nurses to measure blood pressure—except that some modern ones do not have to be operated by professionals.

Electronics have ensured that stethoscopes and columns of mercury are no longer needed. A lay person can use an automatic gauge to take his or her own blood pressure without assistance and in less than a minute.

Russell says that such devices are becoming increasingly evident in U.S. companies. They enable the early identification of high blood pressure, one of the principal risk factors behind strokes.

Strokes and their aftermath are what Russell specialises in at the National Hospital for nervous Disorders, in London, where he is a senior [illegible] physician. The hospital is Britain's leading centre in the field and pioneered many of the diagnostic tests and procedures now commonplace all over the world.

The field is one where prevention is infinitely better than cure because one-third of the 100,000 "new" stroke victims each year die, if not immediately then up to 12 months later, without leaving hospital. The statistics show that strokes are the third commonest cause of death in Britain.

The problem is not just medical but social. Controlling lifestyle, stress, weight and diet are important in lowering risk. And the risk is highest in people with high blood pressure, high levels of blood cholestrol, and a family history of cardiovascular illness.

These risk factors are the same as for heart disease and Russell thinks that surviving stroke victims who do not modify their lifestyles may well suffer a heart attack later. He says that the self-operated workplace sphygmomanometer would be the quicket way of screening out those who might need preventive treatment and counselling.

Strokes may be caused by the rupture of blood vessels in the brain or by their blockage. The former, known to our forefathers as apoplexy, used to be the more common, its victims being middle-aged people with high blood pressure.

The second type, a blockage caused by cerebral thrombosis, is associated with hardened, narrow arteries. Since arteries get narrower with age and people live longer now, increasingly more strokes are due to it.

But many people who suffer the "blockage" type strokes have "warnings." These may take the form of a tingling or lassitude down one side of the body or difficulty in speaking.

Russell says that ignoring them may well prove fatal. This is why he thinks wider knowledge—and easy access to sphygmomanometers — could save incalculable social and personal consequences, let alone the obvious monetary ones.

His hospital has now launched a campaign to press the message on industry and commerce in particular, because most people will find it easiest and convenient to take their own blood pressure every so often at work.

But what is "high" blood pressure? In any cycle of heartbeats, blood pressure is highest when the heart is contracting, forcing blood into the arteries, and lowest when it is relaxed.

The highest pressure, which is called the systolic, corresponds to the pressure needed to close off the main artery in the arm by pumping up the sphygmomanometer cuff with air. The cuff is then let down slowly. Blood flow resumes, but turbulently, a condition detected by an automatic measuring device in modern apparatus. When the turbulence stops, that corresponds to the blood pressure when the heart is relaxed.

If the two readings were, say, 120 and 70, this would be expressed as 120/70 and pronounced "120 over 70." About 140/90 is generally regarded as the upper end of "normal."

However, Russell says that anyone whose blood pressure is consistently more than 10 points up on 140/90—and that applies to either value—should seek advice. He would put a notice saying this on the workplace sphymomanometer. A more moderate lifestyle, with a balanced diet, reasonable exercise, and less weight might be all that is needed.

TECHNOLOGY

EDITED BY ALAN CANE

Mapping the factory of the future

Geoffrey Charlish on a move seen as the biggest silicon event in years

INTEL, THE U.S.-based silicon chip maker that invented the microprocessor in 1972, has announced printed circuit board systems using existing chips that will allow the "factory of the future" to be realised, based on the increasingly significant MAP initiative led by General Motors.

During next year, Intel expects to introduce very large scale integrated circuits (VLSI) that will put most of the electronics in the new boards on to a single chip, encouraging further industrial use and cutting the cost. Some observers believe the introduction of such chips will be the most important "silicon event" since the micro.

Trevor Humphries

Godfrey Thomas: seeking the best way forward.

MAP, standing for "manufacturing automation protocol," is a communications software concept designed to allow robots, machine controllers, vision systems and other shop floor equipment, regardless of manufacturer, to work together over a single cable. They can then operate in unison, using a common database (store of information about product and processes) for greater efficiency and manufacturing flexibility.

MAP, said to have the support of nearly 200 companies in the U.S., is likely to be well received in Europe, too, because it embraces the "open systems interconnect" (OSI) approach devised by the International Standards Organisation (ISO).

OSI can be seen as the "official" European approach to interconnecting factory equipment but it now seems likely that U.S. companies will be the first to embrace it in significant volume, largely because of the influence GM can bring to bear.

Even so, in Europe, ASEA, BP, Fiat, GEC, Philips, Renault, Siemens, Unilever, Volvo and Volkswagen have expressed support for MAP. Of these, GEC and Siemens, at a user group meeting earlier this year, said they were prepared to make products.

Public reaction by the European Commission's Esprit team has been sparse but an executive who attended the Heathrow meeting in March described MAP as "an interesting example of a user pressure group."

At an Intel gathering in France recently, CAP, a major UK software systems house, came down strongly in favour. Mr Godfrey Thomas, CAP's manufacturing sector director, suggested that MAP was "the only way forward." One Intel man suggested that if Europe failed to exploit the opportunities MAP offered, it would be committing suicide in the new industrial automation market. Specifically, the North American market might be closed to it.

In the U.S., the powerful line-up of supporters includes companies which have had just the same factory communications problems as GM, including Boeing, Dupont, Ford, Kodak and McDonnel Douglas.

In addition, sensing a big potential market, several U.S. electronics companies have announced plans for MAP products. They include AT&T, Allen Bradley, DEC, GE (USA), Gould, Hewlett Packard and IBM. Like Intel, Motorola is planning silicon products for MAP.

Initially, GM started to develop MAP because it was proving impossible to cope with the numerous proprietary communications standards that were springing up throughout its hundreds of plants. In one case, some 17 different systems were in use. They could not communicate unless special bridging software was written, and they produced a mass of cable and serious maintenance problems.

Not surprisingly, with important plants in Europe, GM decided on its own standard, but one which would embrace the ideas of the ISO, based on the so-called "seven layer" model.

The ISO-7 model attempts a complete definition of all the requirements of data communication. At the lower levels, relatively straightforward matters of physical communication over wires is dealt with. At the higher levels, the format of the data itself is covered, with heavier emphasis on software.

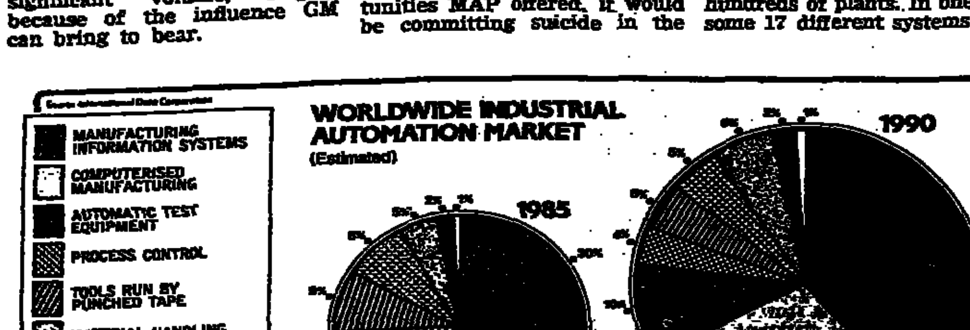
Intel, for its part, is aiming to provide building blocks, in hardware and software, to allow all seven levels to be implemented.

The company's immediate announcement is of a "board level" product called COMM-Engine, which satisfies MAP specifications for industrial local area networks. It is aimed at original equipment makers (OEMs) supplying industrial automation products and will allow factory equipment from machining cell controllers to guided vehicle systems to be linked over a network.

The product meets the requirements of the first four ISO layers, which deal respectively with moving digital "bits," transmitting "packets" of data (assemblies of bits sent to specific destinations on the network), routing the packets, and delivering complete messages reliably.

A separate software product is being developed for COMM-Engine in conjunction with Westinghouse (an important Intel customer) to meet the specifications for the three upper levels of the ISO model. These deal with supporting user-to-user communication, making format conversions where necessary, and providing overall netw ork services like data file transfers.

Meanwhile, GM is practising what it preaches. Three major plants in Detroit and St Louis are operating pilot MAP installations and in 1986, five bus and truck plants will be equipped. But GM executive Patricia Amaranth thinks MAP will really take off when systems begin to appear in VLSI form, probably within two years.



Portable computers still standing by for a delayed take-off

Professional Personal Computing

BY ALAN CANE

"IF LAST year's forecasts had been correct," a new report opens acerbically, "we would be knee-deep in portable computers by now."

But as everyone knows, we are not. The failure of the portable personal computer market to take off in the manner predicted seems to have been the result of a combination of factors.

First, except at the very high end of the market, portable computers cannot be used as "full function" machines — that is, as satisfactory alternatives to the desk-top model.

They are still simply lacking in power, in memory, and the size of their screens and their legibility leaves much to be desired.

Second, the market for conventional personal computers has been, in the U.S. at any rate, depressed over the past few months, so it is not surprising that the market for portables has followed suit.

> 'There can be little doubt that there is a strong potential market in Europe'

In Europe the picture is quite different. The Paris-based consultancy Intelligent Electronics has published figures showing that the European PC market is still, growing at a substantial pace.

It says: "IBM is still forging ahead. Perhaps not at the heady 300 per cent growth it achieved in 1984, but still indicating an almost 100 per cent growth over the full year in 1985. Olivetti, which is rapidly establishing itself as the number two in the market, can also confidently look to very high growth patterns in the region of 100 per cent as well."

But the portable computer market is different. First, it is not one market, but two. The market for transportable computers, dominated by the U.S. Compaq Corporation with a machine which can be carried comfortably in the boot of a car and which runs IBM software very effectively "More IBM compatible than IBM" as some have said.

Then there are the true portables or lap computers, machines which can comfortably be carried under the arm or in a briefcase.

One of the first of these machines was the UK-designed and built Husky which featured massive memory and a case designed to resist damage whether accidental or intentional. Husky computers have found a ready market in areas as different as the armed forces and the social services. The army uses them to calculate artillery dispositions; the social services to calculate mandatory payments.

In one recent incident, hooligans vandalised a social services office including a Husky computer. Its screen was smashed, the case kicked and jumped on, yet the memory chips retained their contents and the information was recovered unspoiled.

There can be little doubt that there is a strong potential market for portable personal computers in Europe. According to Intelligent Electronics,* to the end of 1984 some 30,000 of the ill-fated Osborne 1 transportable computers had been shipped into Europe, compared with 20,000 Compaq's and 15,000 Kaypro's.

Nevertheless, the market has stubbornly refused to establish itself. Intelligent Electronics comments: "No category of portable computers has so far achieved significant sales levels despite heavy promotional and public relations budgets. . . Even the best selling Epson HX20 (one of the first small, light machines with a liquid crystal display of reasonable size) sold less than 40,000 in the whole of Europe since its introduction in 1982.

It goes on: "The market is considerably smaller than has been thought."

"There is much talk of the potential penetration of portables into insurance and other financial services companies for mass usage by large sales forces—and of course, for travelling businessmen. These areas of opportunity seem, however, to be difficult to penetrate. The chief reasons given for this state of affairs are shortage of software to stimulate demand and lack of real computing power. These seem to be excuses rather than real reasons."

The consultancy suggests that only in production control and engineering have there been any tangible successes and even then most orders have been on a test and evaluation basis with big quantities being very much the exception.

So what is likely to happen in portable computers? It looks as if 1985 and 1986 will be the high points for the transportables of the Compaq, IBM PPC, Kaypro, Olivetti M21 and Philips variety.

After that date, they will find it hard to compete with the smaller, lighter and higher powered computers now being developed by Hewlett Packard, Data General and others.

The true portable computer market, however, for machines priced between $1,000 and $5,000 seems set for strong and continued growth.

> 'Beyond 1986 transportables will face tougher competition from smaller models'

Intelligent Electronics comments: "Between now and 1988, the number of products available, decreasing prices, the larger screen size due to the advances made in flat screen technology and the better acceptance of communication faculties will all contribute to the volume increases forecast—240,000 machines in the $2,000-$5,000 bracket shipped into Europe in 1988."

It warns, however, that a market of significant size will not emerge until there are more desktop computers actually on manager's desks. It seems unlikely that high end portable computers will be looked on as alternatives to desktop PCs for the next few years at least.

**The European Market for Portable Computers*, Intelligent Electronics Paris. Tel: (1) 45 35 43 84.

● The Professional personal computer market is at a critical state in its development. Benjamin Rosen, chairman of Compaq Computers is among the speakers now confirmed for the FT Third Professional Personal Computer Conference to be held in London on October 30 and 31.

Other speakers include A. E. Santelli, IBM vice-president for Entry Systems, Europe, Vittori Levi of Olivetti and Robb Wilmot of ICI.

Predictions for image processing

THE MARKET for systems that acquire, process and display electronic images will treble in Europe to $393m by 1989, according to a study by Frost and Sullivan, the U.S. market research company.

Probably the best known use of image processing is in television for the creation of introductory graphics for programmes. These systems account for 40 per cent of the European market, and one company, Micro Consultants/Quantel has captured a third of the business.

The other main uses are in industry (11 per cent) for non-contact gauging, inspection and process monitoring, and medicine (10 per cent) for the digitisation and enhancement of X-ray pictures, tomography images and ultrasonic scans. The analysis of aerial and space pictures for mineral exploration, weather tracking and agricultural purposes accounts for 9 per cent of sales.

Image processing requires fast processing of large amounts of data and prices have been dropping with availability of cheaper random access memory. Even so, 45 per cent of sales are of systems costing over $75,000.

New role for an IBM

UNITED BUSINESS Systems of London is offering a U.S.-made system that turns a single IBM personal computer into four workstations by adding three simple screen/keyboard units and appropriate software.

The three stations, which produce, it is claimed, a true multi-user environment with shared programs, files and printers, can be added for the price of one IBM XT machine. More about the system, called Anex Multi-PC, on 01-250 0505.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
30	31	1	2	3	4	5

Music

LONDON

BBC Symphony Orchestra and BBC Singers conducted by Dennis Russell Davies with Elaine Barry, soprano and Michael Collins, clarinet. Ruggles, Bernard Rands, Aaron Copland, Gershwin. Royal Albert Hall (Mon). (589 8212).

City of Birmingham Symphony Orchestra conducted by Simon Rattle with Jessye Norman, soprano and Jon Vickers, tenor. Haydn and Mahler. Royal Albert Hall (Tue).

London Sinfonietta and London Sinfonietta Voices conducted by David Atherton. Janacek, Weill, Harrison Birtwistle and Bartok. Royal Albert Hall (Wed).

Royal Philharmonic Orchestra conducted by Vladimir Ashkenazy, piano. Brahms, Beethoven and Prokofiev. Royal Albert Hall (Thur).

PARIS

La Grande Ecurie et la Chambre du Roy, BWV Choir: Bach. (Mon 8.30pm). Saint-Severin church.

Dina Wurzner, piano: One Hour with Schumann (Tue 8.30pm). Sorbonne, Amphithéâtre Richelieu.

Orchestre Français des Jeunes conducted by Emmanuel Krivine. Augustin Dumay, violin: Ligeti, Bartok, Franck (Tue 8.30pm). Salle Pleyel. Free.

Jean Gouillou, organ: Bach (Wed 8.30pm). Saint-Germain-des-Pres Church.

Brussels Orchestra, Bach Choir from Antwerp: Bach.

All these concerts are part of the 20th Festival Estival de Paris (354 8496, 562 4080, 11am–7pm, Sundays excepted).

NETHERLANDS

Amsterdam, Concertgebouw. Bernard Haitink conducting the Concertgebouw Orchestra. Bizet, Debussy, Beethoven (Wed). Recital Hall: Cube Festival with Maarten Bon, piano, Frans Brüggen, recorder, Rien de Reede, flute, Robbie Eavery, guitar, the Netherlands Wind Ensemble and the Raphael Quartet (Mon, Tue). Lunchtime concert by the Fortunatus Ensemble (Wed). (71 8345).

Amsterdam, Carre Theatre. Antologia de la Zarzuela, with 100 dancers, singers and musicians from Madrid (Tue, Wed). (225225).

Utrecht, Muziekcentrum Vredenburg and other locations. Festival of Old Music, with the emphasis on early polyphonic music, the Baroque, and late 18th and early 19th-century compositions for the fortepiano. Participants include Musica Antiqua of Cologne, the Tallis Scholars, the European Baroque Orchestra, the Netherlands Chamber Choir under Ton Koopman, Richard Burnett and Geoffrey Douglas Madge (fortepiano), and La Péniche Opéra of Paris. Many other activities, including workshops, exhibitions and lectures. (All week). (34 10 07).

SPAIN

Santander, Plaza Porticada. The Academy of Saint-Martin-in-the-Fields, conducted by Kenneth Sillito: Handel, Bach and Dvorak (Wed). (21 05 08).

VIENNA

Vienna Hofburg Orchestra conducted by Gert Hofbauer. Waltzes and Light Opera. Musikverein. (Tue and Thur).

Vienna Bach soloists and choir conducted by Ernest Wedam with Monika Lenz and Yoshie Tanaka, sopranos, Jutta Geister, alto, Martin Klietmann, tenor, and Ernst Jankowitsch, Bach. Minoritenkirche. (63 55 75). (Mon and Thurs).

Chamber Music with Hans Martin Linde, recorder and Baroque German flute, and Konrad Ragossnig, harpsichord. Handel, Telemann, Scarlatti. Minoritenkirche. (Tue).

St. Paul's Cathedral, choir from New Zealand. Purcell, Byrd, Bruckner, Britten. Karlskirche (Wed).

CHICAGO

Ravinia Festival: Peter Serkin piano recital: All-Bach programme (Tue); Yo-Yo Ma, cello and Emanuel Ax, piano, Beethoven, Franck, Brahms (Wed); Pinchas Zukerman, violin and viola with Marc Neikrug, piano, Schubert, Stravinsky, Mozart, Brahms (Thur). Highland Park (728 4642).

TOKYO

Cho-Liang Lin (violin): Stravinsky, Beethoven, Grieg. (Sandra Rivers, piano). Showa Women's University, Hitomi Memorial Hall. (Tue). (293 1951).

Opera and Ballet

LONDON

English National Opera, Coliseum: The season begins with one of the company's biggest hits in many years, the Jonathan Miller New York updating of Rigoletto. A new cast takes the leads; Neil Howlett in the title role, David Rendall as Duke, Joan Rodgers as Gilda, conductor Noel Davies. Also in the same week: pre-premiere previews of the new Orpheus in the Underworld. Produced by David Pountney in Gerald Scarfe's designs, it seems certain to take a fresh and unpredictable view of the classic Offenbach operetta. (240 1066).

NEW YORK

New York City Opera (NY State): The week features a series of five performances of the Merry Widow with Leigh Munro and Claudia Cummings sharing the role of Sonia, conducted by Imre Pallo in Ronald Bentley's production last seen in 1983. Lincoln Center (870 5580).

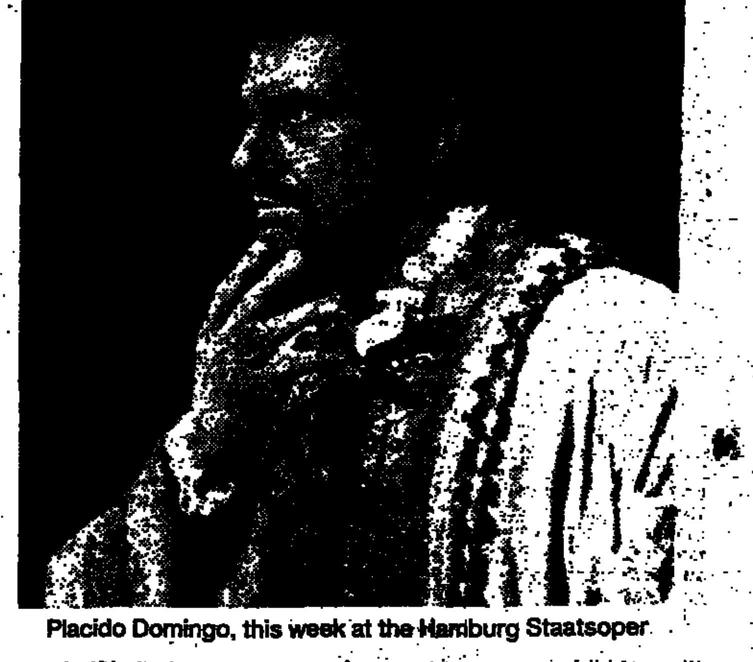
American Ballet Theatre (Metropolitan Opera House): Mixed programmes in a short season teaser. Ends Sept 15. Lincoln Center (362 6000).

CHICAGO

Changing Times Tap Dance Company (Goodman): Kicking off the Goodman's 60th anniversary season is Jane Goldberg's jazz tap dance company, featuring their latest revue, Shoot Me While I'm Happy. (443 3800).

WEST GERMANY

Hamburg, Staatsoper: As a thank you gesture to opera lovers, director Rolf Liebermann plans to transfer the opening performance of Othello to a cinema screen in the Hamburg



Placido Domingo, this week at the Hamburg Staatsoper

Congress Centre, where an extra 3,000 fans will be able to watch it free of charge. It is likely to be a star-studded evening, including Placido Domingo, Margaret Price and Sherill Milnes. Further performances are La Bohème with Katia Ricciarelli and Giacomo Aragall and Ariadne auf Naxos; conducted by Ferdinand Leitner. Luigi Nono's rarely played Intoleranza closes the week. (35 11 51).

Berlin, Deutsche Oper: Die Fledermaus features Edda Moser and Carol Malone. The Magic Flute has fine interpretations by Silvia Greenberg, Lucy Peacock and Rüdiger Wohlers. Aida, sung in Italian, has Julia Varady in the title role and Nicola Martinucci as Radames. Der Fliegende Holländer has Janis Martin and Martti Talvela. Madame Butterfly is conducted by Stefan Soltesz. (34 381).

VIENNA

Staatsoper: Turandot with Marton, Ricciarelli, Carreras, (Wed); Cavalleria Rusticana and Pagliacci conducted by Fischer with Cotrubas, Domingo (Mon and Thur); Lohengrin conducted by Stein with Gessendorf, Rysanek-Gausmann, Vogel, Jerusalem (Tue). (5324/2655).

Volksoper: Csardasfurstin; The Fledermaus; Das Land des Lachelns; Vienna Blood. (5324/2657).

Theatre

LONDON

Sweet Bird of Youth (Haymarket): Lauren Bacall elegantly decadent as Tennessee Williams's doomed movie queen. Harold Pinter's direction and Eileen Diss's evocative designs contradict the play's lopsided reputation and place the central tussle between the star and her gigolo (Michael Beck) against a detailed canvas of small town Southern vengefulness by the sea (930 9832).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists, with Paul Eddington a more earthbound George Moore II than was Michael Hordern, Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 6404, credit cards 379 6233).

Richard III (Barbican): Last year's Stratford-upon-Avon production with Antony Sher demonically exciting as Richard in the RSC revival by Bill Alexander. Plays in repertory with Roger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (628 8795, credit cards 638 8891).

Pravda (Olivier): Entertaining epic new play by David Hare and Howard Brenton for the National Theatre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jonsonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (928 2252).

Breaking the Silence (Mermaid): Another RSC transfer, of Stephen Poliakoff's account of his family's emigration from post-Revolutionary Russia, Alan Howard succeeding Daniel Massey alongside Jenny Agutter. Ingeniously set in an Imperial railway carriage. (236 5568).

The Mysteries (Lyceum): The theatre of Henry Irving and Joe Loss restored for theatrical performance after 40 years. Bill Bryden's NT production in three parts is not to be missed, one of the great events of recent years. All three shows played on Saturdays for this limited run. (379 3055).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production has arrived in the West End, if anything improved by the new casting of Lulu as Miss Adelaide and the notably well sung black Sky Masterson of Clarke Peters. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (930 8681).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's touching and funny recollections as a drag-queen add up to the best histrionic Sarah Bernhardt role on Broadway today. (944 9450).

WASHINGTON

Count of Monte Cristo (Eisenhower): The second production of Peter Sellars' new American National Theatre company is the James O'Neill version of this swashbuckler. (254 3670).

TOKYO

Bunraku Puppet Theatre: From the National Bunraku Theatre in Osaka the troupe performs in Tokyo after a tour abroad. (Bunraku is a smaller version and close relation of Kabuki: puppets are half to two thirds life-size; many Kabuki plays were written for Bunraku. Puppets are moved round the stage by three handlers and the story is conveyed by narrators and musical accompaniment. Very powerful theatre form with a sincerity missing in others. The plays first performed in late 18th century at National Theatre (near major hotels). Good English programme and earphone commentary. (265 7411).

Continued on Page 9

girl—mole, perhaps (9)   London NW11.

THE ARTS

Cinema/Paul Taylor

Perpetrating a patriotic myth

Rambo – First Blood Part II directed by George Pan Cosmatos

The Fruits of Passion directed by Shuji Terayama

Isabelle Illiers in "The Fruits of Passion"

The potent American myth of the MIAs—which holds that several thousand GIs listed as "*missing in action*" in South-East Asia may still be captive there, and which has thus far succoured three feature films—was seeded almost from the start by Hollywood. Quite whether Clint Eastwood and William Shatner regarded their reported bankrolling of the mercenary exploits of Lieutenant-Colonel Bo Gritz, searching for POW labour camps in Laos in 1982, as a patriotic gesture or as potential development finance is unclear. But the most substantial return to date on this aspect of the film community's investment in post-Vietnam recuperation has most certainly been picked up by the backers of *Rambo*.

A compensatory fiction for compounded national embarrassments in both the war and the Iranian hostage crisis, *Rambo* contrives to be both simplistic in its Action Man adventurism and riven with intriguingly contradictory cross-currents of right-wing ideology in its re-labelling of heroes and villains. If its basic thick-ear proficiency as an action movie alone hardly qualifies it for the "phenomenon" status it has been hyped towards by the promo merchants and the pop Press (successfully, if the communal voice of the football terraces, already re-christening several beefy favourites with the Rambo nickname, is anything to go by), at least the film's ability to raise reflex indignation about its finger-pointing politics lends it a valid spot in Controversy Corner.

Where *Uncommon Valour* assembled a dirty half-dozen veterans under Gene Hackman to bring the boys home from their bamboo-barred hell, and *Missing In Action* paired Chuck Norris and Emmet Walsh in its rather more tacky rescue-mission task force, *Rambo* re-introduces the one-man army previously encountered in 1982's *First Blood*, and established there as a "pure fighting machine," resorting to trashing an uncomprehending and ungrateful America on behalf of all the spat-upon war vets.

Here, Sylvester Stallone's John Rambo is released from his own hard-labour captivity (irony, irony . . .) by his military mentor Trautman (Richard Crenna) with a chance to redeem himself "back home" in 'Nam. The mission, to locate a suspected POW camp, is nominally a reconnaissance sortie only, but *Rambo's sole* question—"Do we get to win this time?"—indicates just how much weight he (and the film) is willing to pile on his muscular shoulders.

Half-expected betrayal by the bureaucrats (Charles Napier fronting for the home-based baddies who sold out the soldiers and now balance the MIAs' fate against an unpaid war reparations bill) prompts Rambo's righteous reversion to the role of armed interventionist avenger, and from then onwards the rudimentary plot development (capture, escape, retreat, return, rescue) takes a back seat to a corpse-count that escalates to obscenely absurd levels among assorted orientals and their Russian advisers (Steven Berkoff leading the Nazified-Soviet torturers with an East End crime-czar glint in his eye). The bulk of the film, in fact, is occupied with this ultimate survivalist fantasy, in which Rambo harnesses both hi-tech armaments and elemental camouflaging to his self-preservational blood-lust, exercised with extreme prejudice against both Red and Yellow Perils, *and clearly soon* to be turned against the "enemy within."

With such rabble-rousing material to stoke up, journeyman director George Pan Cosmatos (he of such insipid idiocies as *Escape to Athena* and *The Cassandra Crossing*) expends little time on the cinematic niceties. Amid the proliferating explosions and impalements, and the near-fetishistic focus on weaponry, there's the odd iconic shot of the bare-torsoed, bow-wielding Rambo as Man-the-Hunter, though the most telling visual counterpart to Stallone here would be the robot killing machine played by Arnold Schwarzennegger in *The Terminator*, directed by *Rambo* co-writer James Cameron. Several others of the production personnel have also been hereabouts before: producer Buzz Feitshans shared similar credit with John *(Red Dawn)* Milius on *Uncommon Valour* (which, in common with the original *First Blood*, was directed by Ted Kotcheff); while cinematographer Jack Cardiff, with the dubious genre classic *The Mercenaries* to his name as director, also here reunites with the extended family tree of Hollywood's New Right.

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Though we are unaccustomed to Sylvester Stallone appearing in any movie which doesn't have roman numerals appended to its title, sequelitis is not an affliction so often encountered at the artier end of the movie-making spectrum. Even leaving aside its distant kinship to the *Emmanuelle* series, however, *The Fruits of Passion* emerges from the juncture of two ongoing sagas. Freely adapted by Shuji Terayama from Pauline Reage's *Return to the Chateau*, the follow through to her notorious novel *The Story of O*, it is also the most recent in a line of Franco-Japanese co-productions mounted by Anatole Dauman's Argos Films, made in the profitable wake of Nagisa Oshima's *Empire of the Senses* and *Empire of Passion*.

A hackle-raiser at the 1981 Cannes Festival, since when its exhibiton prospects have been stymied by censorship and its multi-talented director has met an untimely death, *The Fruits of Passion* ostensibly represents a near-classical yoking of erotica and exotica. Featuring Klaus Kinski as the decadent aristocrat Sir Stephen, who places his devoted O (Isabelle Illiers) in a Chinese brothel to work through a perverse love pact, and who equally unwisely attempts to toy in similar voyeuristic vein with revolutionary politics, Terayama's fairly explicit vision lights on aspects of the pornography of power, punning wittily on the naked body politic with a semi-surreal scrutiny of the currencies of carnal pleasure and colonial pain.

Sumptuously styled, with audacious art direction and *colour-coding competing* with the regular vistas of (predominantly female) flesh in seducing the eye, the film may eventually mix one metaphor too many in alluding to the ramifications of penetration and possession, but its sly humour and often startling set-piece imagery offer ample compensation.

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Uncompensated as ever are the kids whose street culture is repeatedly ransacked for, and usually misrepresented in, such *energetically cynical trend*-sploitation material as *Rappin'* — a flimsy Cannon-fodder quickie that travesties notions of community *solidarity* while putting its breakdancin' foot unerringly into its jive-talkin' mouth. Ditto any paying audience.

Angelo, Tyran de Padoue/Edinburgh Festival

Michael Coveney

After the stilted embarrassment of the Belgian Molière, the Festival and the Auld Alliance receives a resuscitating *bost with the arrival in the* Assembly Rooms of the Compagnie Renaud-Barrault in Victor Hugo's 1835 melodrama, *set in 1549 Padua. Sarah Bern*hardt counted the piece her favourite above all others; the actress-courtesan role of La *Tisbé is taken here by the mar*vellous Geneviève Page, who is by no stretch of the imagination belonging to the school of hysterical bombast.

The evening, and Barrault's production, is, therefore, an intriguing blend of grand passion *and tasteful modulation*. Tisbé, the courtesan, is of impoverished background and ostensibly the mistress of Angelo. Angelo, the Governor, adores her, but she loves Rodolfo, a young gallant whom she passes off as her brother, but *who, in turn, is in love* with Angelo's wife, the sweet and relatively unadulterated Caterina. Hugo's prose is florid, without being particularly poetical, but the declamatory style it invites is only indulged when absolutely necessary. The players perform the protracted *expositions and* unlikely coincidences with a straight face and a firm voice.

The Music Hall in the *Assembly Rooms is an unlikely* setting, but Ghislain Uhry's design is successfully accommodated on the raised platform *stage. This, in fact, is one of the* classiest fit-up productions I I have seen, with the Paduan skyline evocatively silhouetted *behind tombs and a reclining* figure not to be confused with the blanketed mystery man, Homodei (Pierre Tabard), a spy from the Council of Ten and a political agent with a private grievance in these dark and operatic undertakings. All that *is missing, really, is a score by* Verdi.

When the action removes to Angelo's palace, a solid folding screen decorated with a richly coloured Renaissance frieze of princes and courtiers cleverly incorporates secret doors, hidden passages, and the illuminated prie-dieu on which rests Catarina's precious possession of a crucifix. Just as Tisbé's appropriation of *Angelo's key* is the main first-act incident—all three acts are given without interval—so the emotional link between Rodolfo's rival *lovers is established* by the crucifix (Hugo subtitles the first two acts "La Clef" and "Le Crucifix"). Other proper*ties of note include an incri*minating letter, a phial of poison with which Angelo condemns his wife to death (only *to see her saved* by Tisbé's intervention), and a group of striking theatrical mannikins, draped in velvet, mantillas and *jewellery*, among which Tisbé, in a wonderful sequence from Miss Page, remembers her triumphs and summarises her fate.

Page's Tisbé is a svelte, catlike and thoroughly beautiful creation, doubly ill-treated you feel, because she is by no means over the hill. She looks ravishing, and transmits both a blazing determination to land her *man* and shocked vulnerability when repulsed. The line of the performance is elegant in the extreme, and her descent from eye-popping calculation to the beatific donation of Rodolfo to Catarina as she crumples with a fatal wound is genuinely *affecting*.

The young couple of Gerard Ismael and Sylvia Berge are attractive and imbued with what Barrault calls the "intoxi*cation that pervades the action*" and Jacques Dacqmines's tyrannical podesta is a splendidly unscrupulous heavy, a slave of both concupiscent impulse and the lurking menace of Venetian politics.

The small parts are well done, although I was a little shocked by the vulgarity of Barrault's own cameo contribution, a knee-trembling, tongue-*flicking basket-weaving artisan*, who goes a little over the top after sliding characteristically through a hovel door.

One does not wish to diminish the welcome due to the Renaud-Barrault company, but, taken together with the Belgians, they do not represent the most exciting of contemporary French-speaking classical theatre. Money, of course, may be the reason why Peter Brook's theatre does not visit the Edinburgh Festival, and the same presumably applies to Strehler's enterprise at the Odéon, or Chéreau's at Nanterre. Still, *Angelo* reveals a rich theme of almost forgotten grand theatre tradition, and Barrault's production takes its place alongside the Japanese *Macbeth* as a memorable high point of the official programme.

Royal Liverpool Philharmonic

David Murray

Just in time, the Royal Liverpool Philharmonic found its best form for the conclusion of Wednesday's Prom, Janácek's Sinfonietta. The orchestra had not done itself justice earlier; one expected more of them, and of their permanent conductor Marek Janowski. Perhaps their *London visit was too hurried*.

Wagner's *Siegfried Idyll* made a muted, dreamy beginning — though the orchestral version was used, not the original chamber-size one. Janowski shaped it lovingly, even to a fault: the most forward-going passages were sleepy, and the rest becalmed. Textures were spun with great delicacy, but in the Albert Hall that was almost a waste. Played outside Cosima's bedchamber it would have been lovely.

The *main puzzle* was Schumann's Symphony no. 4, the D minor, which ought to suit Janowski very well. It was strangely mild, not to say tentative—but maybe "tentative" *was* the right word, for the besetting weakness of the performance was unfocused attack. Janowski had his own ideas about tempi, and some of them *struck me as probably truer to* Schumann than currently received ideas (notably the tear-away codas); but the execution was too limp to permit fair assessment of their effect. Even the great brass chord-building, usually a sure-fire thrill, was shy and pallid. There was nothing vulgar anywhere, and one began to wish there were.

The concert was enlivened, after the interval, by a speedy exhibition of Schumann's op 86 *Konzertstück* for solo horn quartet and orchestra. The difficulty of the solo parts explains its infrequent performances, but here the horn-players — Michael Thompson, Richard Watkins, John Pignéguy and Anthony Halstead — were intrepid and almost mishap-free. They made a sophisticated sound, smoothly blended and individually dashing; the quick outer movements were so quick as to display their prowess better than Schumann's amiable charms. It was nonetheless as successful an account of the piece as any I've heard.

In every respect Janácek's pawky, wonderful Sinfonietta was welcome. The Albert Hall is the right size for it; the Liverpool players were now fully on their mettle; and Janowski's gift for combining giant-size dignity with luminous small detail found perfect employment. What makes the piece irresistible is not merely *the glorious sound*, but Janácek's unique success in constructing a huge public ceremony entirely from odd personal elements. All those bits got full character from the players, and Janowski's treatment of the numerous, tricky tempo-changes had all his customary assurance.

Waves/Festival Hall

Clement Crisp

Waves is a Philadelphia-based troupe of jazz dancers now installed on the South Bank for a two-week season. Their programme offers a wild variety of items, from straight —and brilliant—break-dancing *to roller-skatting, belly-dancing* an dsome rather more pretentious maters.

The mixture is slick in presentation, *if* rather less slick in continuity (there are temperature - lowering pauses between each number), and the young dancers generate a bright rhythm and energy, with hard-driven, taut backing from a seven-piece band. The impression is of performers eager to please and unsparing in the struts and kicks and gyrations that are the argot of disco and popular dancing.

This raw material is organised by Shimon Braun, director and *choreographer of the* troupe, in efficient show-biz terms, but is rarely transcended: the effect is of gloss but little development. Significantly, I found that the most exciting number was the break-dance trio of Richard Giorla, Orlando Rodriguez, Clevin Williams, who popped, spun, hip-hopped with splendid *verve—we are watching the* most innovative and imaginative dance to emerge from street culture since the Lindy-hop.

The quality of the dancers is best seen in the smaller items of the evening, in the jazz rituals of Aretha Franklin's *Can't turn you loose* with its bold vocal line well matched in the dance, or in the steamy duet to *Inside Mores*, done for all and more than it was worth by Meghan Doyle and Roni Koresh.

One number, *Inagaddadarida*, *sought to be pious about the* horrors of war amid strobe lighting and dry ice, but looked merely addled. An adagio for *an heroically* built roller-skater and a girl who let herself be flung to the winds aspired, in vain, to Art. In these, as in the larger ensembles, the limitations of the dance style were all too apparent. When the movement stayed truest to its jazzy self and to the dancers' abilities — which are whip-lash quick, especially in the case of a long-limbed and limber young black danseur— we could enjoy an undemanding summer entertainment. All we then need is the summer to go with it.

Schutz quatercentenary

The Monteverdi Choir and English Baroque Soloists conducted by John Eliot Gardiner are celebrating the quatercentenary of German composer *Heinrich Schütz with an even*ing of his music at St James's Church, Piccadilly, on Monday, September 30 at 7.30 pm.

The musicians will play on period instruments for a programme that includes Psalms of David, motets from Geistliche Chormusik and Biblical Dialogues.

Bedtime Story, Androcles and the Lion/Theatre Royal, Bristol

B. A. Young

If you have never met O'Caseys' *Bedtime Story* before, it may be due to the Lord Chamberlain's having banned it from performance *on* the British stage. Or it may be due to its requiring six supporting actors to come on the stage, without a word between them, for the last minute of the action alone. It can hope to be done these days only as a curtain-raiser to cast play, and that is how Bristol has scheduled it, the big play being Shaw's *Androcles and the Lion*.

Bedtime Story is a fairly trivial bit of knockabout. A young man is trying to smuggle a tart out of his bedroom in the early hours of the morning without waking anyone up. First he meets a neighbour on the stairs, coming home drunk from a dance. This his landlady comes in with a maternal anxiety to see that everything is all right. Of course everything is nothing of the kind, and at the final curtain, which is certainly not the conclusion of the night's events, the room is invaded by a policeman, a doctor, a drunk, a priest (this *is happening* in Ireland), a casual passer-by and, through the window, a fireman. That is a very funny moment, but I cannot help feeling that we have had to sit through rather too long to reach it, without very much to keep us happy. Barry Birch is the young man, Sophia Thompson the tart, and Sylvester McCoy the man from the dance.

Shaw wrote pieces just as foolish as that in his time, such as *Passion, Poison and Petrification*, but *Androcles and the Lion*, in spite of Shaw's determination to keep it comic, is a very different matter. The *little affair of the Roman* slave Androcles, whom Shaw insists was a Greek tailor, and the lion that refused to eat him at the Roman games in grateful memory of having once had a thorn pulled out of its paw is turned into a thoughtful examination of the behaviour of the Christians in their last moments before being hustled *into the ring*.

Shaw offers a variety of Christians. There is Ferrovius (Michael Attwell, looking about six foot four), who, having beaten six gladiators single-handed, decides to join the Imperial Guard and repent later on for his lack of faith. There is Lavinia (Sophia Thompson again, magically transformed *from evil to good*), *who falls* for the handsome Captain (Ian Reddington) and makes a Christian of him. There is Spintho (Lewis Cowen), who tries to bolt but is accidentally eaten by the lion. And of course there is Androcles, who induces the lion not to eat him *but to* join him in a waltz, then on humanitarian grounds declines the offer of a job in the Imperial menagerie.

You might say that the play was as good an argument for the Animal Rights lot as for the Christians, but it is packed with good Shavian lines, and the company plays it very nicely. *Sylvester McCoy's* apologetic little Androcles is heart-warming as well as funny, and Paul Rattigan is an active *and graceful lion. Su* Bentinck has provided a pretty set that can face three ways for three scenes; I particularly liked her *gallery full of model* spectators. Paul Unwin directed both plays.

Rigoletto/Coliseum

Max Loppert

The English National Opera *season opened with the latest* revival of the Jonathan Miller production of *Rigoletto* — this seems to be the company's talisman staging, much as *Don Carlos* was for many years at the house up the road. On Wednesday, the show was generally seen and heard to be in good shape, despite the presence of a completely new set of principals and conductor; ENO regulars may have detected in it a certain coarsening of detail, a certain loosening of the *central emotional network* — and therefore, perhaps, a diminished credibility to the modernisation as a whole. But *it* was even so a performance that did the company no serious discredit.

David Rendall, newly slimmed-*down, brings an attractive fresh* look to the role of Duke. Mr Rendall spends much of his performing life in New York, and has evidently learnt there how to chew gum idiomatically how to comb his hair and shrug his shoulders in the proper style; the dramatic borrowings from Sinatra were carried off with some flair. Mr Rendall's *tenor opens out easily at the* top, but in other registers does not always give the impression of focusing on the centre of *the notes. Having mastered the* mechanics of the production, he should now concentrate on drawing greater smoothness and sweetness from the vocal lines—all

Father and daughter roles, though taken by serious, intelli*gent, capable ENO artists*, both proved slightly more problematic. Neil Howlett made an admirable Rigoletto in the previous house production; on Wednesday he seemed not to have come fully to grips with this one. His quality of watchful reserve, which can lend a quite special intensity to such diverse roles as Don Alfonso and Iago, turned here into a kind of genteel English detachment—the moustache and shabby suit were items of dress, not revela*tions of character*, because the performance gave off a feeling of holding back.

Joan Rodgers, a young English rose of a soprano appeared likewise a little disadvantaged as an ENO-style New York *Gilda. Much in her singing was* exquisite, gently shaped and poignant of tone, but touches of technical vulnerability suggested either nervousness or else the strain of having to fill the large auditorium with sound. Claire Powell's Maddalena (house debut) is already a pleasing mixture of common sensuality and real feeling. The conductor, Noel Davies, strives to make this a "big" reading —in the prelude, his exertions brought a coarseness of brass playing that recurred throughout the evening. He now needs to temper it with much more sympathetic attention to the *singers and their individual* vocal needs.

International Guide to the Arts

Continued from Page 8

Exhibitions

PARIS

Renoir: *An important exhibition* of the most sensuous of the impressionist painters, who never tired of glorifying the nude feminine body captur*ing the light, comes* to Paris from the Hayward Gallery, London. It consists of some 125 paintings and 50 drawings, including Le Bal du *Moulin de la Galette* and La Danse à Bougival, Grand Palais, Closed Tue. Ends Sept 2 (261 5410)

Robert and Sonia Delaunay: for the 100th anniversary of their births, his in Paris and hers in the Ukraine, a retrospective of some 300 objects, paintings, drawings and decorative projects brings to *life their joint* pictorial adventure. Whether exploring abstract painting or disarticulating Eiffel Tower images, their colours are vibrant, their *joie de vivre* explosive. Musée d'Art Moderne, 11 ave du Président Wilson. Closed Mon, Wed late closing. Ends Sept 8.

Perfume: An enchanting exhibition in praise of perfume assembles 550 objects, mostly phials, bottles and perfume fountains from the 18th to the 19th century. Some were made of Viennese porcelain, others of Bohemian cut glass or from gold and enamel in England. There are silver pomanders with petals opening up and Chelsea china statuettes. They all show exquisite workmanship and some of perfume's power to beguile. Le Louvre des *Antiquaires*, 2 Place Palais Royal. Ends Sept 15.

WEST GERMANY

Munich, Staatsgalerie moderner Kunst, Prinzregentenstr. 1: German *Art since 1980, 200 paintings, prints* and drawings by 13 artists from the private collection of the German Prince Franz of Bavaria. Among them: *Beuys, Richter and Kiefer*. Ends Sept 15.

Hildesheim, Römer und Pelizaeus-Museum, Am Steine 1-2: *Nofret*, the exhibition covering Women in Egypt. For its last stop in Germany, the exhibition will carry 177 pieces, an extra 98. Some 30 objects are on loan from the Egyptian Museum in East Berlin. It is the biggest assembly of Pharoan Art. Ends Nov.

Aachen, Suermondt-Ludwig-Museum, Wilhelmstr. 18: 100 drawings, watercolours and plastics from Joseph Beuys, covering the fifties and sixties. Ends Sept 29.

Essen, Villa Huegel, Auf dem Huegel: Turkish culture and art from the Osman Empire. 500 works ranging from the *13th-19th centuries*. The show includes glass, carpets, ceramics, miniatures and weapons. Ends Oct 27.

Köln, Kunsthalle, Joseff-Haubrich-Hof 1: The Fiancee Beloved, Sold, Exchanged, Stolen. The exhibition describes the role of women in different cultures and *shows* various marriage ceremonies. It also displays 2,000 paintings, photographs and costumes from various countries through *the ages. Ends Oct 10*.

BRUSSELS

Opera costumes from 1959 to the present including *Zeffirelli's Rigoletto*, Bosquet's Traviata and Karl Ernst Herreman's Clemency of Titus. Musée de Costumes et Dentelle. Until November.

ITALY

Florence: Museo Archeologico (Piazza SS. Annunziata) – The Etruscan Civilization: This is the first of a long series of exhibitions to mark The Year of the Etruscans, and shows the results of the most recent research into the Etruscan world. A useful *history of this civilization's* birth, development and decline. Ends Oct 20.

Florence: Palazzo Pitti *(Sala Bianca)*: Modern masters from the Thyssen-Bornemisza collection: The pleasure to be had from this remarkable exhibition is that it reflects the taste and prejudices of one individual: one of the few left who can afford Corot, Manet, Gauguin, Picasso – and who is generous enough to send them to be exhibited in France, England, the U.S., Australia, Japan, and now Italy. This same collection, with a few exceptions, was seen at the Royal Academy in London last autumn. Ends Sept 29.

Rome: Lalazzo Venezia (Piazza Venezia 3): *Paesaggio Con Nigura* – 57 works from the Borghese collection. The Villa Borghese, which houses one of the best patrician art collec*tions in Rome, is likely to be closed* for repairs for at least another year and some of the gems from the collection have been transferred to this site for the summer. Includes works by Titian, Veronese, Domenichino, *Caravaggio and Dosso Dossi*. Ends Sept 30.

NETHERLANDS

Amsterdam Rijksmuseum Printroom Continuing its centennial celebrations, the museum has put together a revealing exhibition of 60 of its finest Rembrandt drawings supplemented by a further 60 by anonymous Rembrandt pupils and followers to *illustrate the extent of the* master's influence. Ends Sept 29.

Haarlem, Vishal, 100 of Jacques-Henri Lartigue's timeless photographs of *moneyed France between the wars*. Ends Sept 13.

Rotterdam, De Doelen. 12th Art and Antiques Fair (all week from Sun).

SPAIN

Santander, Santillana del Mar. The *splendour of pre-Colombian culture*. Gold exhibits from the Quimbaya Treasure. Fundacion Santillana, Torre de don Borja. Ends Aug 30.

SWITZERLAND

Martigny: Fondation Pierre Gianadda: 250 Klee paintings in the *striking* modern gallery built over the Roman ruins of the city of Octodurus. Ends Nov 3. (026/23978).

VIENNA

Vienna 1870–1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Aldolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic *achievements* of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

TOKYO

Modigliani: 130 works in oils, watercolours, and sculptures. National Museum of Modern Art, Kitanomaru Park (near Palace and Imperial Hotels and parts of Tokyo's oasis near the Imperial Palace). Ends Sept 29.

Contemporary Western Art: Small standing collection of Hara private museum (Shinagawa) includes works by Dubuffet, Jasper Johns, Lichtenstein, Jackson Pollock, Vasarely, Warhol. The museum is a modern house, with a large shady garden and facilities for tea on the lawn. *It is an ideal antidote to* Tokyo's concrete and heat. Ends Sept 23.

Hiroshima Panels: These immense murals depicting the bombing of Hiroshima now number 15 panels and have taken artists Toshi Akamatsu and Iri Maruki 30 years to complete (some of the earlier ones were exhibited in London in the 1950s). The series is on permanent exhibition in a special gallery, an hour's journey from Tokyo. The panels, based on the couple's experience and that of bomb victims, are remarkable for the breadth by which they not only depict Japanese but also foreign victims killed by the blast. A thought-provoking Saturday expedition. Maruki Gallery near Higashi-Matsuyama station on the Tobu-Tojo line from Ikebukuro. (Call 0493-23-1167 for directions in English.) Closed Mondays.

Rubens: The first large-scale exhibi*tion of Rubens in Japan*: 80 masterpieces of oils and prints, plus works of collaboration with his pupils. Takashimaya Department Store, Nihonbashi. Ends Sept 17. Closed Wed.

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demon*strate the show's theme of* Revivals and Explorations in European decorative arts. Ends Sept 5.

WASHINGTON

National Museum of American Art: 35 paintings by Alexander Hogue capture the American Southwest through dustbowl and prairie in highly styliaed evocative works from the 1920s to the present. Ends Nov 3.

Saleroom/Antony Thorncroft

Beatles for sale

Rock 'n' Roll will never die: it cannot afford to with the prices paid at Sotheby's yesterday for mementoes of its past. The Beatles remain the great cult figures, and although the prize lot, John Lennon's psyche*delic Rolls Royce*, was withdrawn before the auction because of an owenrship squabble, some quite extraordinary prices *were paid for unconsidered* trifles.

For example an advertising poster of July 27 1962 showing the Beatles to be second on the bill at the Tower Ballroom, New Brighton to Joe Brown and his "Bruvvers" made the unlikely price of £2,540—Sotheby's had estimated £300-£400. A letter by Paul McCartney to Melody Maker magazine saying the Beatles would never re-form sold for £11,000, way over twice its forecast.

Other items were more on target in the session devoted to the Beatles, which totalled £119,180 with 9.5 per cent unsold. George *Harrison's* 1965 Aston Martin DB5 coupe was at the top of its estimate going to a Jordanian car fanatic for *£19,800, while* a set of 13 *erotic* lithographs by John Lennon, entitled Bag One, were slightly below forecast at £4,400. How*ever, a bronze* of Lennon by K. Carter did well at £3,520.

There was a surprise among the clothes with George Harrison's 1964 stage suit making £3,520 (as against a £1,500 top forecast) while John Lennon's (which carried at £2,000-£3,000 estimate) went for £3,410. The same sum secured the presentation gold disc for "Let it be"

Among the cheaper items four plastic Beatle *dolls of 1966* under-performed at £4 while a tin of Beatles talcum powder was also below forecast at £110. *One of John Lennon's* steel guitar strings did well at £286, and five garments from the Apple shop, circa 1968, were *cheap at £297*.

There were disappointments: drawings by Lennon of Yoko Ono for the book *Grapefruit* were bought *in at £1,500*, well below the reserve, and, at the lower end, a set of Beatles gur-cards was unsold at £65. A big *buyer* was *London's Hard Rock* Café: it paid £330 for a red fake fur jacket reputedly worn by John Lennon.

The afternoon session was devoted to the rest of the pop world. There was a major disappointment when Elton John's car, a superb 1949 Delahaye coupé built for the Maharajah of Mysore, failed to find a buyer but Cliff Richard was in favour, *his first* acetate recording of 1958 more than doubling its top estimate at £3,080 and an early guitar selling for £2,200 as against a £900 top estimate. Elvis Presley's black suede jacket sold on behalf of "Applause" Variety Club of Great Britain for £4,950.

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Friday August 30 1985

Reagan backs free trade

IT IS HARD to improve on President Reagan's own words: "protectionism is a crippling cure, more dangerous than any economic illness," he declared on Wednesday, and firmly denied the U.S. shoe industry the import protection recommended by his own International Trade Commission. The industry in question may be a mere speck on the broad canvas of international trade and the 100,000 American footwear workers are hardly one of Washington's most influential pressure groups, but it is the starkness of the issues which gives this case its real importance.

"Our footwear industry will never be competitive with imports," said Dr Clayton Yuetter, the U.S. Trade Representative, in explanation of the President's decision. In Europe and Japan, this very same statement might have been used to justify tougher protectionist measures, instead of a market free-for-all. But Mr Reagan appears to recognise, at least at times, that "signing the death warrant" of a domestic industry, as Senator Bill Cohen of Maine described his action, can sometimes be a necessary part of the logic of free trade. International division of labour requires rich nations to abandon uncompetitive industries as well as to develop new ones which are more productive.

Restructuring

This does not necessarily mean that Americans must give up altogether on the manufacture of footwear in a world of Korean, Taiwanese and Brazilian competition; but it does mean that they can only do so by applying, like some European manufacturers, a level of design sophistication, marketing skill, and manufacturing efficiency which puts them outside the range of their low-cost rivals.

The U.S. shoe industry's experience did not suggest that protectionism is an effective way of slimming an inefficient and outmoded industry down to a competitive, dynamic core. But even if temporary protection were needed for restructuring, as every beleaguered industry invariably argues, this would not justify import barriers either. The fact that an industry could conceivably become competitive in the future by investing heavily and cutting its labour costs is not an argument for protecting it from international competition in the present.

Free trade is based on the principle of *comparative* advantage, which means that each country should concentrate on those activities it does best. If Americans are better at pharmaceuticals than they are at shoemaking, while Koreans are better at shoemaking than they are at pharmaceuticals, then America should leave shoemaking to the Koreans, even if it could somehow find ways of matching the Koreans' cost advantage in footwear.

President Reagan has been a free trader ever since his youth, when he experienced personally the disastrous consequences of the Smoot-Hawley tariff and the international trade war of the 1930s. Yet the dangers of a U.S.-led slide into protectionism remain considerable, despite this week's welcome decision on footwear. There are three reasons.

A majority of the U.S. Congress and the American public probably does not share the President's free trade instincts and this sentiment is bound to prevail at times, as it did in the case of the steel industry. More importantly, there is the extreme overvaluation of the dollar. Partly as a result of Mr Reagan's own macroeconomic policies, the currency has risen so high that America's main area of comparative advantage currently appears to be in the sale of government bonds and empty office building. Finally, there are the persistent breaches of comparative advantage in other nations' trading policies, whether on Japanese and European farms, in Brazilian computer factories or the Korean insurance markets.

There is little the rest of the world can do about the first of these protectionist forces. With regard to the overvalued dollar, Europe and Japan are not entirely powerless, though they can do little until there is a more determined attack in Washington itself on the excessive budget deficit. But in opening up their own markets to freer competition, in accelerating the progress towards a new round of trade negotiations in Gatt and in rejecting the protectionist calls of their own industries, as President Reagan has done on footwear, there is much that America's trading partners can do to keep U.S. protectionism at bay.

The selling of life assurance

THE PROPOSAL announced yesterday to license everyone who sells life assurance, pension plans and unit trusts is welcome. It demonstrates that the Marketing of Investments Board Organising Committee (MIBOC), the nascent industry watchdog, is prepared to go beyond the provisions of January's White Paper on investor protection.

The White Paper envisaged that only businesses marketing investments would need to be authorised. But the new proposals, which loosely follow the U.S. regulatory framework, are aimed directly at raising the standards of competence and probity of individual brokers and salesmen. "We want to create a profession," said MIBOC chairman, Mr Mark Weinberg.

The proposals do more to tackle the lack of competence than the lack of probity among life assurance salesmen and other intermediaries. How far standards of competence and training are raised will depend on how demanding and comprehensive the proposed multi-choice test is for licensed intermediaries. There is however no possibility that it will approach the rigours of a professional examination.

At least the proposals have not been diluted by exempting any categories of intermediaries from the licensing requirements—except possibly for solicitors and accountants. In particular, building society and bank managers will require a licence to sell endowment or pension mortgages.

Remuneration

But more training is not the same as more probity. And MIBOC says little about how the latter will be achieved.

The claims of life assurance intermediaries to offer impartial investment advice have always been weakened by their form of remuneration, through commissions which vary from product to product and which most customers would consider excessive if they were ever told. The White Paper proposals, which MIBOC and the life assurance industry are still discussing, would require intermediaries holding themselves out as independent to disclose their commissions unless they followed a standard industry scale.

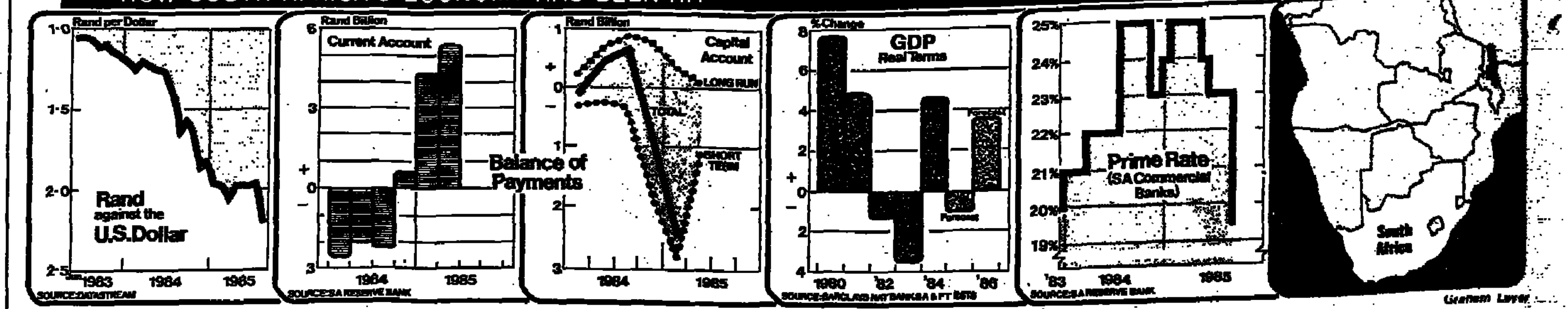
For the standards of probity of life asurance intermediaries to be genuinely raised, MIBOC will have to go beyond the White Paper proposals for a second time. On the one hand, it must avoid giving officials approval—or even permission—to a cartel-like arrangement which would penalise life assurance innovators and newcomers prepared to overcome conservatism and win market share by paying extra commissions.

More importantly, it must ensure that would-be savers are not misled into accepting the advice of an insurance broker who holds himself out as his client's agent, acting in the client's interest when, unknown to the client, he is being paid by the insurance company whose policy he sells. The legal status of an agent and his liability to account for any commissions he receives to his principal, long established in the common law, has become increasingly blurred by the practices of insurance brokers. MIBOC's aim should be to clarify the right of a potential innsurance policy-holder to be notified as a matter of course of any commissions—including bonuses and benefits in kind—that an intermediary will receive by selling him a policy unless the salesman has made it clear that he is acting as the agent of an insurance company.

MIBOC should now consider ways within the licensing system it has proposed to allow the small saver or policy-holder to assert his rights cheaply and without court battles. This would be a far more powerful tool for raising standards of probity amongst salesmen and brokers than the requirement to assent to a code of conduct. Possibly the simplest administrative procedure would be to encourage independent intermediaries to ask their customers to sign a form which stated the commission they were earning from the deal.

The MIBOC proopsals do not envisage granting any legal rights to the customer which would arise directly from a breach of the licensing rules by a salesman. Nevertheless, the threat of a complaint from a customer which, if sustained, might deprive the salesman of a licence may prove a sufficient deterrent.

HOW SOUTH AFRICA'S ECONOMY HAS BEEN HIT



New strength that may not be enough

By Tony Hawkins in Johannesburg


Gerhard de Kock

IT HAS BEEN a good week for the sanctions lobby in Western countries which must be scenting blood following the temporary closure of South Africa's foreign exchange and stock markets.

The combination of threatened economic sanctions and internationalu bank perceptions of escalating political risk, has brought Pretoria to the point where an enforced rescheduling of some of its $12bn of short-run international obligations may be necessary.

Whatever the economic package that Dr Gerhard de Kock, governor of the South African Reserve Bank, manages to put together following his consultations with European central bankers this week, the fact remains that international political pressures, wholly unrelated to the underlying strength of the South African economy, have pushed the country to the point where debt rescheduling and even default are real possibilities.

Underlining this point last night, Mr Gavin Relly, chairman of Anglo-American Corporation, warned that since the run on the rand had been politically inspired, any economic measures that the authorities might introduce would have only short to medium-term effects unless accompanied by steps towards a new political dispensation.

The breathing space Pretoria gained by closing the markets this week may provide a temporary respite, but so long as foreign bankers and investors continue to see pictures of unrest in the townships on their TV screens night after night, any rand recovery could prove difficult to sustain.

It is widely amknowledged that the collapse of the rand to a record low of just under 35 U.S. cents on Tuesday this week was not justified by the economic fundamentals. South Africa will this year run a current account external payments surplus of around R5bn—$2.5bn assuming an exchange rate of 50 U.S. cents to the rand.

Last year the debt-service ratio—foreign debt service payments as a proportion of exports of goods and services—was estimated at around 13 per cent and way below any kind of danger level. Dr de Kock said this week that after paying all interest and dividends on foreign capital, the economy could still finance net loan and credit repayments of R400m monthly ($140m at the current depressed exchange rate).

Real Gross Domestic Product which grew 4.7 per cent last year is likely to be flat or even marginally negative in 1985, but a strong rebound is expected next year with growth of at least 3.5 to 4 per cent even allowing for possible political setbacks.

A year ago, the domestic economy was thrust into recession when the authorities, boxed in by the drought and the weak gold price, embarked on a tough anti-inflationary programme, squeezing private sector demand with tax increases and penal interest rates and preparing for a restrictive budget in March this year.

The prime overdraft rate was raised from 14 per cent in mid-1983 to a peak of 25 per cent a year ago, at which level the real rate of interest was 9 per cent. As part of the deflationary package, general sales tax was raised from 7 per cent in the first half of 1984 in two stages to its current 12 per cent level. In the March budget, the rate of increase in government spending was held to 11.4 per cent and well below the 16 per cent inflation rate. The Government "deficit before borrowing" was reduced from 3.5 per cent of GDP in 1984-85 to a forecast 2.2 per cent in the current year.

Restrictive monetary policies brought down the growth rate in the money supply from more than 19 per cent in the first half of 1984 to 10.5 per cent in the comparable period this year. As a result of this harsh and effective deflationary package, gross domestic expenditure declined for five successive quarters so that in the second quarter of 1985 it was some 9 per cent below its levels of a year previously.

This domestic crunch was accompanied by a big improvement in the current account of the balance of payments. On a seasonally-adjusted basis, the current account swung from a deficit of R2.5bn in the first quarter of 1984 to a surplus of almost R5.5bn in the June quarter this year. What makes this particularly impressive is that it was achieved despite a 20 per cent fall in the dollar price of gold. At the same time, the rand figures exaggerate the real improvement in the balance of payments because of the 50 per cent decline in the effective rand exchange rate in the last two years.

All this represents solid progress along the road towards stabilising an economy which a year ago, in Dr de Kock's words, was living beyond its means due to excessive spending by both the public and private sectors. But just as the authorities began to relax monetary policy in order to reflate the economy, politics intervened in the dual form of domestic unrest and the threat of economic santtions which between them precipitated the currency crisis.

Pretoria must now grapple with two separate, but closely inter-related, crises of confidence—one long-term and the other immediate. The long-term confidence crisis can be resolved only by substantial political reforms and with President Botha having apparently consigned this to the back-burner, the near-term confidence crisis has assumed much greater importance.

Debt rescheduling and even default are real possibilities

Although South Africa has engineered a big improvement in the current account of the balance of payments, this has been substantially offset by a deterioration on capital account caused by the politically-inspired net outflow of short-term funds. Despite a worsening political climate, South Africa's long-run capital account showed a net inflow of more than R3bn in the 18 months to July 1985, which included a net inflow of about R1bn in the form of equity and gilt investment on the Johannesburg Stock Exchange.

Indeed, one of the ironies underlying Pretoria's decision to suspend temporarily stock exchange dealings this week was the fact that although JSE brokers had noted a substantial outflow of funds through the equity market during July, the president of the exchange said yesterday that this had been reversed and there had actually been a net inflow of investment, mainly in gold shares, in the past fortnight.

But before this reported reversal in the trend of equity market investment, there had been a net outflow of short-term funds estimated at R5.6bn in the 18-month period to June 1985. This is explained in part as a classic "leads and lags" situation whereby traders and speculators reacted to the strength of the U.S. dollar, the weak gold price early in the year and an anticipated fall in the rand. As political tensions heightened so this effect tended to become self-reinforcing as the market predicted further falls in the South African currency.

During the three months to July, foreign investors sold an estimated R500m of South African shares and gilts in response both to the deteriorating political situation and some apparent disappointment with the failure to harden of the gold price and gold shares as the U.S. dollar weakened. In addition there were net outflows of capital caused by a reduced need for import financing, increased export credits by South African exporters and substantial short-term debt repayments.

Despite this, the net outflow of funds slowed substantially in the June quarter from R2.8bn in the first quarter to only R113m.

With its large current account surplus and a net inflow of long-run capital, South Africa could have coped with short-run capital outflows of this magnitude, albeit at the cost of a weakening rand, higher inflation and interest rates and slower economic growth.

This would imply prolonging the domestic recession with its side-effects of mounting unemployment that could only exacerbate the tensions in urban areas. As it is, black unemployment — as a ratio of the economically active black population — is estimated by the South African Reserve Bank to have risen from a low of 7.6 per cent in January 1984 to 8.2 per cent in April this year.

Furthermore, it is highly questionable as to how long the long-run capital account will remain in the black given the political outlook. Unless the political climate improves markedly, it would be only realistic to expect long-run capital movements to replicate those in the short end of the market.

But what brought the rand crisis to a head this week was an entirely different influence—the reluctance and even refusal of international banks, and especially U.S. banks, to renew existing credit lines to South African borrowers.

South African companies did go offshore for working capital loans last year to exploit the interest rate differential between high cost South African bank borrowing and much lower interest rates abroad. Pretoria was happy to permit such borrowing, partly because it helped the balance of payments and partly because it fitted in with the image of decontrol and financial liberalisation that has been fostered.

With the benefit of hindsight, the resort to offshore funding has backfired. Not only is it at the heart of the currency crisis to the extent that South Africa has foreign loans maturing within 12 months of an estimated $12bn. But many local borrowers have had their fingers badly burned in the process. Because they borrowed on an uncovered basis—to exploit interest rate differentials—they have caught a nasty cold as the rand has tumbled leaving them with much larger rand debt servicing payments than they anticipated when they raised their foreign loans. Some bankers are highly critical of the authorities for allowing such borrowings since, as one puts it, a very scarce resource, in the form of foreign exchange, has been used to fund domestic consumption rather than being used for the traditional financing of essential imports, of exports and of new capital projects.

South African Reserve Bank and Government officials are this week hastily putting together a package designed to underpin the rand when the markets reopen here on Monday, but it seems increasingly likely that Pretoria will reluctantly be forced to reimpose some exchange controls over capital transactions.

It may be that new lines of credit will be arranged with the European central banks whom Dr de Kock is talking this week, but it seems doubtful whether these will be of a sufficient magnitude to avoid some new controls over capital movements and also over stock exchange transactions. Because South Africa could not meet immediate repayment, over the next 12 months, of the estimated $12bn in short-term foreign borrowings, it may be that there will also have to be some rescheduling of these loans to give Pretoria the necessary breathing space to meet its foreign exchange commitments.

Providing that Dr de Kock and his advisers can overcome the immediate crisis of confidence in the exchange and stock markets, and given the underlying strength of the South African economy, the prognosis for the rand is less bleak than recent events might suggest. To take just one indicator: the rand price of an ounce of gold is today fully three times the cost of producing that gold, which implies that the rand exchange rate is seriously out of kilter since a two-to-one ratio would be more realistic.

Johannesburg bankers, wary of making predictions in the light of recent experience, expect the rand to move smartly back over the 40 U.S. cents level when the markets reopen next week. Thereafter some analysts here expect a slow appreciation in the currency always providing that there are no further political shocks to destabilise the markets and undermine the rand support package.

This proviso, of course, is crucial. South Africa faces a political crisis, not an economic one. In Lagos this week, a Nigerian Government was toppled because its economic policies undermined its political power structure. In Pretoria, the boot is firmly on the other foot — a strong economy is being politically undermined.

Men and Matters

Bonn's reluctant recruit

Possibly the most powerful compliment paid yesterday to the new head of West Germany's intelligence service (BND), Hans-Georg Wieck, came from an opposition politician who has spent the last few days trying to unseat Friedrich Zimmermann, the Interior Minister, who is Wieck's new boss.

"The apointment," cried Willfried Penner, a senior social democrat, "is a measure of the scale of the catastrophe." He attacked the "dubious attempt by the Government" to use Wieck's international reputation in an attempt to restore foreign confidence in West German intelligence.

Wieck was named head of the BND soon after the West German Government announced it had sacked Herlbert Hellenbroich, the former chief, charging him with full responsibility for allowing the country's top spy-catcher, Hansjoachim Tiedge to defect to East Germany 10 days ago.

Wieck, aged 57, was until yesterday Bonn's ambassador to Nato headquarters in Brussels, one of the three key jobs in the West German diplomatic service. He is a former ambasador to Moscow.

People close to him say he is tough on subordinates, and upon himself. Colleagues are said to be just a little afraid of him. He is a widower who has been bringing up a young son in Brussels. Friends say he is often withdrawn in his manner.

The indications are that Wieck has taken up his new job with reluctance, asking first for time to think about the offer. Chancellor Kohl, in a hurry to clear the scandal off the newspaper front pages, gave him three days at most.

"I tried to contact our agent in Bonn but even the hollow tree has defected"

English style

English-born Edward Jefferson, who will step down as chairman of Du Pont, the U.S. chemicals giant next May, is best known on Wall Street as the man who outfought Mobil and Seagram for control of Conoco, America's ninth biggest oil company, just after he became chairman in 1981.

While Jefferson and his colleagues still stand by the $7.8bn acquisition, which at that time was the biggest takeover in U.S. history, several Wall Street analysts are now sceptical. "Like it or not he is going to go down in history as the guy who bought Conoco at the top of the market. And he has not moved aggressively to clean up the company," said one yesterday.

Aside from the heavy debt which Du Pont incurred, the Conoco deal also landed the chemicals group with a new shareholder, Seagram, the Canadian liquor group, which now owns 22.5 per cent of Du Pont.

Seagram, which has been hit by declining liquor sales, now gets nearly three-quarters of its profits from its $3bn Du Pont stake. Seagram would like a more important say in Du Pont affairs.

Leaving aside the U.S. oil majors only General Motors, Ford and IBM, are bigger than Du Pont which boasted sales of $36bn last year. It employs 150,000 people in 56 countries.

Jefferson came to the U.S. in 1951 after serving in the Royal Artillery in World War Two, and later getting a doctorate in chemistry from Kings College, London. Most of his career was spent on the Du Pont research side before he took over as chief executive on the retirement of Irving Shapiro.

Jefferson will hand over to Richard Heckert, aged 61, a vice chairman. Heckert is also a chemist by training and fits neatly into the mould of the recent managers

Dear Sir . . .

The British still write a lot of letters—in fact 695m last year—an increase of 53m on the previous year. Jonathan Wootliff of the Letter Writing Bureau, which has just issued a survey on Britain's personal letter writing habits, says: "There seems to be a guilt complex in Britain about not writing enough letters."

However, according to the Post Office, which naturally helps the bureau financially (together with commercial stationery interests), British growth in letter writing is greater than in the other EEC countries.

People living in London and the south east write the most letters. But why do the Welsh write fewer letters than anybody else?

The personal letter still survives, according to the bureau's researches. Not the old literary essay disguised as a letter, however. Nowadays, using multi-coloured inks and writing paper, you can turn a simple message about Deirdre's emotional problems into an art form.

Saturday school

The presence of increasing, if still very small, numbers of Japanese managers in the north east is already posing the inevitable problem of English language teaching for the wives and children now making the region their home.

Senior managers from four of the Japanese companies in the north-east—Nissan, NSK, Sumitomo and Tabuchi—have just set up a committee to look at the way the families, and perhaps the managers themselves, should receive English language lessons.

Usworth Comprehensive School in Washington near Sunderland is already providing teaching in its language laboratory for Japanese children on Tyneside. Nearby Oxclose Comprehensive provides teaching for adults one day a week.

Now the Japanese committee, chaired by Mr Toshiaki Tsuchiya, managing director of the Nissan plant (which has 20 Japanese managers on-site) hopes to establish a special Saturday school for children by October.

The committee is expected soon to expand its activities beyond education into a liaison role between Japanese business interests and the local authorities.

While the Japanese can get their language teaching locally they say they have been unable to find a British supplier for the heavy-duty cotton which goes into Nissan's usual work "uniform."

The company's new workforce has compromised by buying lighter duty material from a British company.

Help if needed

A reader in the Home Counties is puzzling over a sign outside the local ante-natal clinic, "Tuesday 9 am to 1 pm. Women only — no men allowed except for emergencies."

Observer

UK public inquiries

The lessons of the Sizewell marathon

By Andrew Gowers

"OVER THE years the nature and structure of public inquiries has evolved gradually and logically to a modern piece of machinery which is highly tuned, fairly elaborate and on the whole well suited to its function of enlightening the Secretary of State . . ."

That was the view of Mr Tom King when he was Environment Secretary in 1980.

Give or take a few shades of confidence, it is probably still the Government's view on big public planning inquiries. Two mammoth examples of the genre have been back in the limelight over the last few months—on London's third airport and on the Central Electricity Generating Board's plan to build a pressurised water reactor at Sizewell on the Suffolk coast.

However, by no means everybody is as happy with Britain's inquiry system as Mr King's words suggest. Concern is being expressed by many of those involved both about the length of time the big inquiries take and about their fairness to participants.

Both the airport inquiry, led the Government to give the go-ahead for the development of Stansted airport, and the one on Sizewell "B," which ended its hearings in March and is expected to bear fruit in the form of an inspector's report later this year or early next, were exercises of unprecedented duration and complexity.

The Stansted hearings lasted 258 workings days. They cost the taxpayer an estimated £2m to run and all inquiry parties between £25m and £30m.

That record was easily beaten this year by the Sizewell inquiry, which lasted 340 working days over 2½ years, generated 16m transcripted words and created enough paper to stretch, end to end, from London to Cairo.

And as Sir Frank Layfield, the Sizewell inspector, sifts through his mountain of evidence, it is that inquiry which is causing particular concern among both proponents of the PWR project and objectors to it.

Public planning inquiries have grown steadily in size and complexity over the years, coinciding with the rise of the environmentalist movement in Britain.

This has led to suggestions that the British system is gripped by a particularly damaging sort of paralysis every time it has to make up its mind on a major capital project.

Admittedly, other countries have their planning problems. In the U.S., for instance, the entire nuclear industry has been brought to a virtual standstill by regulatory difficulties and political opposition.

But Mr Anthony Barker, a lecturer in government at the University of Essex, who specialises in planning matters, believes there are unique and deep-rooted causes behind Britain's apparent vacillation on individual big capital investments.

One reason is the failure of the present parliamentary and political system to examine policy except in a piecemeal way. This means that inquiries into individual projects, like Sizewell, have to become a peg on which to hang a general issues of principle.

Implausible though it may sound, Sizewell was the first wide-ranging and detailed public examination of energy policy in an official forum.

"There are almost no institutions in the British political system for looking into the future in a modern, systematic and open way," says Mr Barker. "The British are sipping backwards, if anything, on this matter."

Secondly, environmentalist bodies are tending increasingly to question the assumptions on which government planning decisions or proposals are based.

British public inquiries have, in recent years, been largely dominated by two subjects, South-eastern airports — on which three public inquiries have now been held — and nuclear power, embodied in the Windscale and Sizewell inquiries.

However, the nuclear issue has provided a unique focus for protest. Only a few years ago, planning inquiries on the construction of advanced gas-cooled reactors used to be very brief affairs. Some in the 1960s lasted only a matter of hours.

In the interim, public perceptions of nuclear power have changed. The 1977 inquiry on the building of a plant to reprocess spent nuclear fuel at Windscale — now Selafield — was the first tangible sign of the effects this could have on the planning system.

That lasted 100 days, which at the time was considered a marathon.

But Sizewell was special — in its bizarre venue in the Maltings concert hall near Aldeburgh, for example, and not least in the breadth of issues it tackled; from the future of Britain's energy policy to the safeyt of different types of nuclear reactor to the incidence of leukaemia in East Suffolk.

For the CEGB, however, it was simply too long. It diverted a considerable number of staff from other duties, and cost the board directly around £15m.

Even Mr Patrick Jenkin, the Environment Secretary, admitted a few weks ago that: "There is a good deal of concern about the length of these inquiries."

That, of course, is only half the story. Many people who took part in the Sizewell inquiry as objectors harbour genuine doubts about its fairness — in spite of its length and apparent thoroughness.

This, then, is the Government's dilemma. On the one hand, democracy demands a credibly independent view on big investments with far-reaching economic and political ramifications.

Environment Department officials make much of the fact that Britain, unlike West Germany or Japan, has not had to cope with large-scale civil disobedience in relation to civil nuclear projects. The inquiry system, and public faith in it, can take some of the credit

On the other hand, the Government is keen to keep delays on big projects to a minimum.

The dilemma is complicated by the Government's twin role as both proponent of a project organiser of an inquiry into it.

In the case of Sizewell, the Government never made any secret of its faith in the case for a nuclear programme dominated by PWRs. For this reason, one important environmentalist organisation, Greenpeace, boycotted the proceedings, describing them as a "charade."

The lessons for the future which academic, objectors and officials are drawing from the Sizewell inquiry can be divided into three main categories:

● Funding. All objector groups which took part in the Sizewell hearings have complained repeatedly of a gross imbalance between funds available to them and those at the disposal ofthe CEGB.

The objectors are estimated to have spent a total of about £750,000 (against the CEGB outlay of around £15m). Few could afford to employ barristers, an essential part of Sizewell's potentially intimidating court-like proceedings.

Most found their resources and time stretched to the limit in trying to attend as many hearings as possible.

Yet, from the first, the Government refused to provide any money to objectors to redress the balance — in spite of a barrage of appeals from prominent people such as Lord Justice Parker, the Windscale inspector, and even the CEGB itself.

The Town and Country Planning Association (TCPA), one of the leading objectors to the Sizewell project, argued at the start of preparations for the inquiry:

"It cannot be right that the resources available to promote the project should be vastly greater than those available to question its validity.

None the less, it remains true that the objectors were not merely hampered by a lack of money, they were also divided among themselves. A wide diversity of sometimes contradictory arguments was advanced against Sizewell during the inquiry — from all-out opposition to nuclear power to preference for the AGR over the PWR.

These divisions enabled the Government to argue against providing funds, on the grounds that dividing the money among the various objectors would be an invidious task.

● Procedure. Most parties seem to agree that on Sizewell, Sir Frank was a model of impartiality, and that he introduced important procedural innovations.

These included the appointment of two barristers, led by Mr Henry Brooke, QC, as counsel to the inquiry. They were able to cross-examine witnesses on behalf of the inspector, and, at times, to raise points on behalf of objectors.

Ms Jennifer Armstrong, a former local government official who attended every day of the hearings, agrees that "in spite of his late arrival, Henry Brooke played a major role in the inquiry. . . . Objectors on the whole welcomed Brooke's intervention."

A further novelty of the Sizewell inquiry which may have enhanced its credibility was Sir Frank's decision to invite independent witnesses and to commission independent research on his own initiative.

The witnesses played a key role — particularly Sir Alistair Frame, chairman of Rio Tinto-Zinc. Sir Alistair, a former nuclear engineer, sharply criticised the CEGB's project management and in the proess provoked a major shake-up.

As Professor Tim O'Riordan, of the University of East Anglia, who is conducting an independent review of the inquiry, points out, that may be one of the most important fruits of the inquiry.

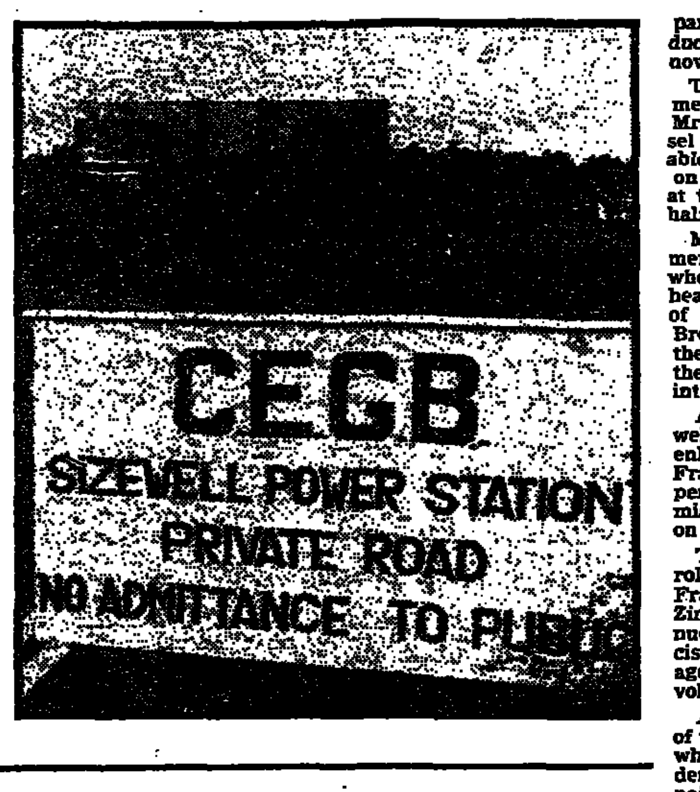
● Length and complexity. Given the issues involved, these factors seem inevitable. But there was a fundamental confusion about whether the inquiry was supposed to be about a single nuclear power station, or a series of them, or the future of energy policy as a whole.

Professor O'Riordan believes that the inquiry ranged so broadly that it could not cover any subject in sufficient depth. "The public expectation of the inquiry will be higher than anything Sir Frank can deliver," he says. "It's not constitutionally set up to deal with major policy issues."

Ms Armstrong makes a similar point — that the issues raised by Sizewell were too large and numerous for one inspector, however diligent, to be able to digest. In a report prepared for the TCPA, she proposes the appointment of a panel of at least thre inspectors instead of one, as well as the strengthening ofthe inquiry's investigative powers, the funding of objectors and a reduced role for lawyers.

All this looks to be excessively strong meat for the Government, which is content to tinker with the existing system by refining guidelines for inquiries, especially at the preparatory stage.

It may well have concluded that any attempt to tamper with it in any more fundamental way could create more trouble than it is worth.



Scandals in Germany

Where spying is all too easy

By Peter Bruce

HERR Hans Joachim Tiedge, former West German counter-intelligence chief, is somewhere in East Germany, having defected just over a week ago. His former boss and friend, Herr Heribert Hellenbroich, has been sacked. Tiedge, however, has not been dismissed. His salary is still being paid and he is still contributing to his old pension scheme. He is still a West German civil servant.

The defector could be automatically discharged for taking up residence abroad but West German democracy is founded on the premise that East and West are one country. In order to stop Tiedge's salary, the West Germans have to put him on a disciplinary charge—which helps, partly, to explain why Bonn is trying, through East German contacts, to talk to him.

Take the case of 60-year-old Sonja Lueneburg. Until a month ago she had been chief secretary to Herr Martin Bangemann, Economics Minister, for 12 years and had become an extremely close family friend. She vanished a few weeks before Herr Tiedge and is probably also in East Germany.

Frau Lueneburg is not the woman she claimed to be. In the mid-sixties, a hairdresser in West Berlin, one Sonja Lueneburg, reported to police that she was leaving town (such reporting is routine here) to go and live in France, in Colmar, near the German border. A year or so later, Sonja Lueneburg returned to West Germany, reporting to police as she had settled in two cities before moving to Bonn and attaching herself to the small Free Democrat Party (FDP), of which Herr Bangemann is now leader.

After her disappearance, friends who knew the original Frau Lueneburg in Berlin, once shown pictures of the pleasant-faced woman in the Economics Ministry, confidently agreed she was not the person they knew.

The ease with which communist agents can be infiltrated into West Germany by its neighbour, and the embarrassments Bonn regularly suffers when one of its own walks across the border are legendary. West German leaders have been embarrassed — and on occasion have fallen from office — dozens of times since the end of the last World War by spy scandals. The hardest part for the West is that there appears to be very little Bonn can do about it.

Herr Tiedge had drink and debt problems which were known about and which probably could have been dealt with without pushing him into defection — assuming, that is, that he had not been a long-term mole. Possibly, too, the authorities should have waved photographs of Herr Bangemann's secretary under the noses of her former friends in West Berlin a long time ago.

But no government here would dare tamper with the automatic right of citizenship West Germany accords all East Germans. The "German question" — the artificial division of the country after the war by the allies — is bigger than the prevailing ideologies on both sides of the border. Being stuck with it, any West German government would land itself in hot water if it began to discriminate on the job market against the thousands of East Germans allowed to emigrate to the West. There were more than 40,000 last year and it is inevitable that many find their way into the civil service, industry and even the military.

The West is sold in the East as an open house and the West Germans, perhaps more than most, have to be seen to be practising it. Some of the East Germans will be spies, speaking the same language, sharing the same history and often the same families, spying on West Germany is so easy—one politician recently likened it to shooting at ambulances.

For Bonn's allies, however, becoming resigned to the problem is something that has to be relearned every time another spy trips over the border. Yet there is little they can do either. To stop sharing secrets with Bonn would involve isolating a country which, because of its location, has a very special position in the Western alliance. The allies are stuck with West Germany, just as firmly as the Germans are stuck with each other.

Letters to the Editor

Joining the EMS

From Mr E. Salama.

Sir,—In your surprisingly uncritical editorial on the European monetary system (August 21), you seem to have joined the growing chorus who view the scheme as the answer to most of the UK's macroeconomic problems. There are, however, at least two good reasons to caution against this false optimism.

Exchange rate instability from which the UK has undoubtedly suffered is not a local European problem, but a global one. It is a result of a liberalisation of capital markets and the enormous and unwarranted capital flows which have ensued. It is a problem whose solution lies in concerted global action, not in the strengthening of the EMS or British membership. The evidence supports such a view—take any measure of exchange rate instability, and you will find that currencies within the EMS have experienced greater variability against both the dollar and the yen than they had in pre-EMS days. Indeed, sterling's performance in this respect outside the mechanism has been no worse than of those currencies within it.

The recent "success" of the EMS is a direct result of the adoption by fellow European countries, and in particular the French, of German economic policies. It is this convergence of economic policy which has, not surprisingly, produced a reduced instability of exchange rates within the EMS. Yet it is also these policies, pursued in the UK and in Germany, which have been responsible for the massive increase in unemployment which has occured, since 1981 at least.

The Government's mistaken pursuit of crude monetary targets has had disastrous effects on the exchange rate and the level of unemployment. Membership of the EMS would do little to remedy them.

Eric Salama,
41, Ramillies Road, W4.

The Laker journey

From the Chairman, British Airways

Sir,—As I have been away, it was only yesterday that I had the opportunity to read Mr Campbell-Smith's excellent article (August 24) about the long and tortuous journey which eventually led us to the settlement of the Laker case.

Your correspondent tracked us with considerable skill and accuracy throughout the long negotiating process and only very occasionally did he lose the scent.

One of these occasions was his belief that I and Colin Marshall had developed strong and "influential" friendships through our membership of the "Conquistadores del Cielo," the exclusive American club for airline chairmen and chief executives and therefore we were able to exert some external pressure on events. This is not a fact as neither of us has ever been members, nor have we been guests at any of their annual "camps."

I mention this purely to correct any idea that we might have been able to engage outside assistance from airlines in arriving at a settlement with the liquidator of Laker.

King.
8, St James's Square, SW1.

Productivity on railways

From Sir James Farquharson

Sir,—Mr A. Scott (August 21) draws unjustified conclusions from the chart said to show productivity on various railways (August 15). While the statistic of train kilometres per employee is useful for limited purposes it is of little value in assessing productivity. The saleable products of BR and other railways are passenger-kilometres and tonne-kilometres and it is the output of these per employee which should be used when examining productivity.

(Sir) James Farquharson,
Kinclune,
Kirriemuir,
Angus.

Japanese imports

From the Director-General, Paris Office, Japan Automobile Manufacturers Association

Sir,—We read with interest the article (August 27) entitled "Japanese stepping up vehicle part export."

We believe that Dr Hahn's accusations concerning the exports of Japanese automobile components, commercial vehicles, etc, were not made at the right moment especially just after Mr Nakasone, our Prime Minister, made declarations concerning the promotion of imports into Japan due to the trade balance, imports which also include automobiles and automobile parts.

Since Mr Nakasone's campaign started we, automobile and part manufacturers, have been asked by the Japanese Government to do our best to try to import as much as possible from Western countries. In fact, we have been sending over the past 10 years, "part missions" to North America and to Europe and we are now trying very hard and putting a lot of effort into trying to buy Western automobile components.

We believe these comments have to be made if one considers the efforts the Japanese automobile industry as a whole is making now to improve imports into Japan.

M. Shizume,
33, rue de Ponthieu,
75008 Paris France.

Mapping seabed resources

From the President, Royal Institution of Chartered Surveyors

Sir,—This institution is concerned about the lack of incentives for private sector R & D investment in new technology for marine development. This problem threatens a sizeable export market.

Several small but key groups of specialists working on the technological frontier of seabed mapping are short of the resources and investment stimulus needed for research and development. Unusually perhaps, they specifically do not want extensive government funding, but they do need government to change the climate for their own investment in this area of R & D. I see no difference between the spirit of this requirement and the Government's current programme to cut red tape for small businesses.

Do we need more maps and charts and more sophistication outside the marine navigation and defence sectors? Prompted by Lord Gregson's House of Lords inquiry into marine science and technology, the RICS indentifies such a need. Not only the UK, but every maritime nation will require seabed resource mapping to deal effectively with the eventual but inevitable introduction of exclusive economic zones (EEZs) extending 200 miles offshore. The U.S. has recognised the same need and is doing what the UK should do—rapid picture mapping of the seabed for resource potential surveys in its own waters. The worry is that they are using the British built GLORIA system that we can neither afford to bring into full production nor deploy for our own benefit.

The same kind of problem dogs the delimitation of the world's EEZs a massive task which will have to be accomplished by relying on satellite position fixing systems. The former UK lead in navigation and position fixing systems may soon be entirely lost to satellite positioning based on American technology. Here is a case, if ever there was, for a UK or European satellite positioning facility to be included in the European Space Agency programme: with this the private sector could develop the next generation of UK positioning technology.

Another problem is that R & D contracts let to the private sector by the Ministry of Defence are subject to the restriction of intellectual property rights clauses. In such cases, the Government's "ownership" of technological developments often inhibits further development by the R & D agency for commercial advance and so often fails to hone the cutting edge of a British industry of considerable potential. This kind of restraint causes, we know, certain research to be repeated in defiance of sound economic reason.

These instances are not isolated. I would make a serious plea for improved incentives for private sector investment in marine technology R & D, allied to a judicious use of limited government priming finance to provide certain basic essentials.

This would help to expand UK marine technology, improve its export potential, garnish the already healthy contribution surveyors make to invisible export earnings, and provide a first class example of government's ability to stimulate private enterprise in economic fashion.

Paul Orchard-Lisle,
12, Great George Street, SW1.

Unfocused by examinations

From Dr P. Dickson

Sir,—The Lombard column recently wanted us to stop the time-wasting practice of learning foreign languages. Now (Michael Prowse, August 19) it wants our children to go back to the ideas of the 1930s, and enjoy a progressive education untroubled, and unfocused, by examinations. Michael Prowse advances the breathtaking argument that the looser American educational system is the cause of greater American economic success. Has he talked to any Americans lately about American education? He is right in saying that English arts students discontinue numerate disciplines too early. But that is a different matter.

(Dr) P. G. M. Dickson.
St Catherine's College,
Oxford.

FINANCIAL TIMES

Friday August 30 1985

Our East Europe Correspondent explains how hard times have broadened horizons

Albania peeks cautiously out of its shell

A JUNIOR minister from the French Foreign Ministry is due in Tirana next month. He is sure to find – as his Italian counterpart did in May – that Albania is eager to increase trade links with its western neighbours. Economic necessity is slowly pushing Europe's most isolated and isolationist country out of its shell.

Mr Ramiz Alia, Albania's leader since the death of Enver Hoxha in April, this week made clear the cautious approach Albania is taking when he said that moves to broaden ties with the outside world would not mean diplomatic relations with Moscow or Washington.

A breakthrough with Britain would depend on resolution of the long-standing dispute over Albanian gold held in the Bank of England. It has been held since the second world war pending Albanian compensation for British warships struck by mines off the Albanian coast 39 years ago.

Partial emergence is already evident. Albania is forging new road, rail and sea links with Greece, Yugoslavia and Italy respectively. The Italians are to help Albania to reverse declining oil output, and are negotiating barter of Italian machinery, telecommunications equipment and some consumer goods for Albanian raw material, chiefly chrome and nickel.

A Greek company is to build a chromite processing plant, and companies from West Germany, which has no diplomatic relations with Tirana, is to develop ferro-nickel processing in this mineral-rich, but backward, Balkan outpost.

Even some British companies are trying to position themselves for the increase on last year's tiny £4.6m ($6.4m) worth of trade with Albania, which they feel should follow any settlement of the impasse with London.

No outsider, even after visiting Albania, can precisely quantify the economic position of a country that stopped publishing proper trade figures in 1964 and records its performance merely in percentage increases on second world war levels.

But a picture of some economic distress emerges from the new official emphasis on the need for greater efficiency and even profitability; the recent exhortations by Mr Aliz to petroleum industry workers to reverse the fall in oil and gas output; the visible obsolescence of many trucks and tractors; and shortages of some foodstuffs, particularly meat. A recent search of butchers' shops in central Tirana revealed only one with meat to sell: frozen Hungarian chicken.

Officials do not affect publicly to be worried about recently declining growth rates, particularly in industrial output, which rose only 3.3 per cent last year against the plan target of 8.5 per cent. They say it is at least outpacing the 2 per cent annual rise in the population (the highest in Europe) and is not "fictitious" in the sense of being based on foreign credit (which is banned by the 1976 constitution, issued at about the time the Chinese stopped giving Albania aid).

However, Albania's population boom and self-denying ordinance on borrowing abroad mean several distinctive aspects of the Hoxha legacy may have to be reversed if the economy is to improve:

● Despite the state's tight control and endless slogan exhortation of workers to work harder, absenteeism is rising. In the first half of 1984, for instance, some 350,000 workdays were lost, with an average of 2,200 workers missing each day.

In the name of pure Marxist egalitarianism, the maximum wage differential between a ministry head and one of his civil servants, or between an enterprise director and his workers is set (by law) at 2:1. Laudable though that system may be on social grounds, it would be surprising if it did not sap economic incentive.

● Albania has made great strides in agriculture, particularly by irrigating as much as 56 per cent of cultivated land, compared with only 10 per cent 40 years ago. Unlike other East European countries, however, it is committed to eliminating all private farming.

That is being done through the progressive transformation of farm co-operatives, in which members retain private plots and a few livestock, into state farms where all is property.

Co-operatives, which still cover most of Albanian farmland, are being transformed at the rate of 20 a year into state farms, according to a manager of the Ksamil state farm near Saranda.

The loss of personal plots (without compensation) is offset by the greater wage security that state farms provide, Mr Mihal Boboli explains at the Dropu co-operative near Gjirocaster, which is due to became a state farm in two years' time.

He sees the nationalisation as a step forward. But somewhere in the process, certain food production, particularly of meat, seems to be suffering.

● It is the proud boast of post-war Albania that "there has not been a single price rise in any commodity" (1984 official handbook). Any gains from productivity have been given in lower prices rather than in higher wages.

The basics of life are cheap: a two-room-and-kitchen flat rented for 40 leks ($9) a month, a 2kg loaf for 5 leks, 1kg of flour for 5 leks, a child's dress for 11 leks, a man's shirt for 45-60 leks and a bottle of the beloved raki for 12 leks.

But a bicycle (probably Chinese) costs about a month's salary of 600-700 leks and a washing machine or refrigerator or television (as likely to be Yugoslav or Italian as Albanian-made) costs the average Albanian five or six months pay.

The disparity between the prices of home and foreign-made goods is evident, and if Albania is to open itself more to foreign trade and give its prices some relation to the outside world, then it would seem that prices of domestic goods will have to rise, not fall.

● Nowhere is the need for Albania to open up to foreign trade more evident than in replacing its largely geriatric stock of machinery and vehicles. The country's largest single factory, Tirana's Enver Hoxha Auto-Tractor plant, employing some 5,000 people, is almost entirely devoted (apart from limited production of an Albanian-made tractor) to making spare parts for other countries' vehicles, mainly the fleets of trucks, tractors and rail wagons – supplied by China from the mid-1960s to the mid-1970s – but also for some tactors dating back to 1950.

At the 1939 Paris Exhibition, Albania was represented by eggs and beans, according to a guide at the Tirana Museum of Economic Achievement. "This was a shame," he said. Equally, however, it would be a shame if a policy of autarchic self-reliance were to keep it an industrial museum-piece. Albania clearly has exportable oil, chrome and nickel with which to buy technology abroad at a lower real cost than it can possible make it at home.

THE LEX COLUMN

Discounting the BP dividend

Yesterday's equity market was having such fun finding candidates for takeover that it could scarcely spare a thought for BP's sturdy second-quarter performance. Yet underlying growth in BP's net income of 14 per cent over the first quarter, and a full 20 per cent increase in the interim dividend, certainly did their bit for the 30-share, which pierced 1,000 for the first time since early June. In raising BP 12p to 570p, the market may have had an eye to firmer spot prices; more probably it was restoring 9 per cent yield on the most generous assumptions for the final distribution.

Whether the market is right in demanding a BP yield exactly midway between Shell and gilt-edged is a moot point. After all, BP has shown underlying earnings growth at a higher level than Shell over the last 18 months, and second-quarter net income of £457m on a replacement cost basis was a very good performance indeed.

Naturally, a cheaper dollar cut local-currency feedstock costs for both refining and chemicals, while cracking margins (especially at Sohio) have recovered now that fuel oil prices have fallen back with the end of the UK miners' strike. Still, a 90 per cent improvement in BP's downstream operating profit over the first quarter shows the benefit of tackling overcapacity in Europe – while Sohio is reaping excellent returns on the refineries and gas stations it bought from Gulf. In purely operating terms, BP has gone a long way towards currency neutrality.

Yet the more BP ups its dividend, the more the market looks at its cash balances of £2.5bn and its declining production curve and demands that yield must stand in place of growth. Poor BP spent some £2.4bn on its capital account, raised its dividend and charged every sort of exploration write-off only to end up cash positive in the first half; and the new treasury operation, not content with reducing interest charges and bumping up the interest receivable, looks destined to turn into an embarrassing profit centre from its market operations. It seems there is no substitute for oil.

Blue Circle

The British financial institutions had so prepared themselves for yet another disappointing Blue Circle statement that a fall of only £2.6m to £45m pre-tax prompted a collective sigh of relief. Yet it would be rash to suggest that the 32p jump in Blue Circle's shares to 523p indicates that a more fundamental shift in stock market sentiment is on the way.

For the prime reason why profits fell less than expected was a ninefold leap in the contribution from Mexico to £9m. Clearly the group owes much to a real surge in demand both from Mexico and from the southern U.S. But it has had Mexican profits on this scale before (in 1981) only to see them vanish. And, while the Mexican profit-and-loss account looks good even on translation, Mexico still pays no dividends.

To be fair, Blue Circle has tried hard to make up for the low quality of these earnings by investing heavily in the UK and the U.S. In 1986, it should see a strong increase in UK cement profits, with the two plants currently being modernised coming on stream against the background of a possible pre-general election rise in public-sector construction spending. However, any likely increase will come from a low base with this year's UK cement profits running well behind those of 1984.

In the U.S., Blue Circle has established a broad regional base following the £120m acquisition of Atlantic Cement. But, as the flat performance in these results shows, the group is vulnerable to swings in demand hitting individual plants, this time in Oklahoma. Any downturn in the U.S. construction industry would quickly make itself felt.

Assuming full-year profits of £120m and a 30 per cent tax charge, the shares trade on a multiple of just over six. This seems high enough until the long-promised improvement in earnings quality becomes evident.

Asda MFI

Having failed to convince most people of the excitement to be gained from merging two large mature businesses, Asda has now published figures that show both legs of the newly-combined group in something less than the most flattering light. Admittedly, the full-year figures of £119m before tax for Asda and of £46.1m before merger costs for MFI represents progress over the previous year. Yet both partners had suffered self-inflicted damage in the second half – MFI with an ill-judged range of kitchens, Asda with a disastrous promotional lottery – as well as suffering from tighter market conditions at large.

Despite the group's taboo against giving away anything about current trading, it seems that the worst is now over, after a fall in Asda's like-for-like volumes in the second half. MFI's breakneck physical expansion will continue to depress sales densities this year, but at least the revamped and reglued kitchens are back on track, while the development of carpet sales in parallel with Allied Carpets should add on a significant amount of turnover this year.

In a year or two, a redesign of the Asda stores and increased use of own-label merchandise should restore momentum, giving scope for as rapid growth as any in the sector. Meantime, the institutions may be finding the increased number of shares a bit indigestible; at 138p, down 8p yesterday, a stretching multiple of perhaps 13 times current year earnings is scarcely going to pull in the crowds.

British Rail takes hard line

By David Brindle in London

BRITISH RAIL yesterday made clear its determination to press home its advantage and offer no quarter to the National Union of Railwaymen in the aftermath of the vote by the union's guards against national industrial action over driver-only trains.

Mr John Palette, the state-run railway's managing director for personnel, told the union's leaders that the 245 guards dismissed for taking unofficial action would not be reinstated until the union agreed to a programme for implementation of driver-only operation.

That means the guards will remain dismissed at least until the union reconvenes its delegate conference to consider rescinding its policy of opposition to productivity changes.

The conference is expected to take place in about 10 days' time, after the Trades Union Congress conference next week.

Mr Jimmy Knapp, the union's general secretary, reacted angrily to British Rail's uncompromising stance, saying refusal to reinstate the guards at this stage was "throwing away a golden opportunity to get the railways moving again."

The weakness of the union's position became fully apparent yesterday, however, as the railways began to move again regardless.

Even the militant guards at London's Kings Cross station voted overwhelmingly to work train units converted for future driver-only use from midnight last night.

Mr Knapp yesterday offered BR agreement to resume driver-only trials on three freight routes, subject to reinstatement of the guards. It was evident, however, that BR was intent on pushing through far more wide-ranging implementation.

That will severely embarrass both the NUR and the train drivers' union Aslef when BR goes ahead next Monday with plans for driver-only "merry-go-round" coal trains to power stations two depots in the England's East Midlands. The two depots have a total of 151 drivers and 127 guards.

Zia puts Benazir Bhutto under house arrest in Karachi

BY JOHN ELLIOTT, RECENTLY IN KARACHI

GENERAL Zia ul-Haq's military regime yesterday put an end to Miss Benazir Bhutto's nine days of freedom in Pakistan by placing the 32-year-old daughter of the country's late Prime Minister under house arrest.

Restriction to her Karachi home will terminate the clandestine political activities Miss Bhutto has been conducting as acting chairman of the banned Pakistan People's Party (PPP). She has been receiving delegations of visitors officially offering condolences for her dead brother, whose body she took to the country nine days ago.

Miss Bhutto is potentially the most powerful opposition figure in Pakistan, and her family has considerable political appeal. She has received a massive welcome since arriving last week, despite the jealousy of some opposition leaders, and fears that her primary motive is to wreak vengeance for her late father, who was hanged by the present regime.

Her arrest yesterday, immediately after Pakistan's three-day Moslem public holiday, surprised many observers. But in a telephone interview on Monday she had said: "We should know in a week's time if they are going to arrest me. Why should they wait any longer if they are going to do it?"

The Government had been worried that visits she planned to make to the Karachi homes of two political aides, who were hanged earlier this year, would arouse political passions and cause disturbances.

When she refused to cancel the visits, the Bhutto family's seaside home in Karachi's prosperous Clifton area was stormed by armed police. Last night the house was surrounded by 16 armed policemen, backed up with six trucks of reserves. The telephone was not being answered and no callers were allowed.

Opposition leaders condemned the Government's action and said President Zia was trying to cause problems that would give him an excuse not to end martial law soon.

This is the second time Miss Bhutto has been placed under house arrest. She was originally arrested in March 1981, a week after the hijacking of a Pakistan airliner for which a guerrilla group headed by her two brothers claimed responsibility.

Early last year she was released to go to Europe for treatment for a serious ear infection and to be with her mother who is ill in Paris.

Why Zia acted, Page 3

Mexico warns on lack of new loans

Continued from Page 1

phasised the difficulties countries such as Mexico were having in resuming voluntary borrowing in the international capital markets – a key element in the latest restructuring.

Initially the debt crisis had been perceived as a "cash flow problem" which could be worked out between the banks and the countries concerned, but Sr Silva-Herzog emphasised that there was "clear evidence that we are faced with a systemic problem far beyond circumstances peculiar to any individual developing country or its economic management."

While his country had taken "drastic measures" to adjust to the debt crisis, the minister warned that "we cannot continue to request sacrifices from the Mexican people without offering in exchange a better future for them." He stressed that for economic, social, political and ethical reasons, Mexico had to be able to "grow out of its debt problems."

He noted that although the restructuring of Mexico's debt repayments was a "very important step," it was not the solution to the debt crisis. "Co-operation between banks and debtors will no longer be enough. It will not yield the right combination of growth and debt servicing capacity."

"The formula which ensures that we can resume and obtain adequate growth levels and service our debt has yet to be agreed on," said the minister. He emphasised that the signing of the latest multi-year restructuring rested on two fundamental principles – the full payment of interest and net new-money flows.

"If one of the assumptions does not hold, neither will the other," said the minister, who called for "more efficient, more automatic, less discretionary arrangements."

Outlining his "blueprint" for the solution to the debt crisis, Sr Silva-Herzog said that multi-year restructurings should be coupled with the availability of new money on a voluntary basis or new money commitments by lenders.

He also said that capitalisation of bank interest payments should also be considered and multilateral financial agencies should be called on to play a bigger role both through their enlarged capital bases and "as guarantors of commercial loans through a more flexible use of their gearing ratios."

SA business leaders urge political talks

Continued from Page 1

Africa's troubles are destabilsing financial markets or the banking system generally. Central banks are therefore only likely to act if their governments regard economic disarray in South Africa as carrying much broader dangers.

One fear now is therefore that any package which does emerge will be too weak to stem the capital outflow caused by short-term debt repayments. That could eventually force South Africa to declare unilaterally that it was freezing such repayments, effectively defaulting on its debt.

On European foreign exchange markets trading in the rand remained at a virtual standstill, with the handful of banks willing to trade quoting large spreads between their buy and sell prices.

At the end of London trading the rand was quoted by one major bank at 37/43 U.S. cents and by another at 40/46 cents, with dealers saying that a clear trend for the currency would emerge only after the reopening of South African markets.

There remains some confusion about the status of transactions concluded before Wednesday's closure of markets, but due for settlement before Monday.

UK bankers introduce uniform dealing terms

BY ALEXANDER NICOLL IN LONDON

THE BRITISH Bankers' Association (BBA) yesterday published standardised dealing terms designed to foster the already rapid growth of three financial market instruments: currency options, forward rate agreements (FRAs) and interest-rate swaps.

The creation of uniform standards, which banks in the UK are due to adopt from Monday, will enable them to know precisely on what terms they are dealing with each other, and to avoid costly and time-consuming legal documentation that has hampered the markets' development.

There are also hopes in London that the terms, worked out over several months by three committees, will set worldwide standards as well as encouraging a more active trading market in the instruments.

Mr John Heywood of Hambros Bank, who headed the options committee, said differences between currency options offered by individual banks to each other or to corporate customers had hampered market liquidity. The market in bank-offered options is already greater than that in traded options on U.S. and European exchanges, he said, and the new terms "will increase its volume, depth and usefulness."

Options have developed rapidly as a means of protecting banks and companies from currency exposure, while the parallel markets in FRAs and swaps have their origins in hedging against unexpected movements in interest rates.

Key rates, fixed daily based on quotes from principal market participants, will be used for settlement in all three markets. London Interbank Currency Options Market (Licom) exchange rates will be set for four currencies against the dollar. Interest rates in five currencies will be fixed for the FRA and swap markets, instead of the London interbank offered rates (Libor) used as a benchmark in many other markets.

Each of those daily BBA fixings will be shown on the screens of Telerate, the U.S.-based information system, rather than on those of its UK rival, Reuters.

Central banks, including the Bank of England, have been examining the risks posed to banks by the development of the new markets. The options terms could help to reduce such concerns, since the "net cash settlement" envisaged means that a bank that sells an option stands only to lose the difference between payments due between it and a counter-party, rather than the entire underlying amount of the option.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	25	77	Dubrovnik	F	19	66	Malaga	S	26	79	Salzburg	S	20	68
Akrotiri	S	29	84	Faro	S	23	73	Malta	F	26	79	Seoul	F	29	84
Algarve	S	28	82	Florence	S	27	81	Manila	S	32	90	Singapore	F	31	88
Amsterdam	S	23	73	Frankfurt	S	23	73	Miami	F	24	75	Stockholm	F	19	66
Athens	S	28	82	Funchal	S	24	75	Milan	S	25	77	Strasbourg	S	22	72
Bahrain	S	39	102	Geneva	S	20	68	Moscow	S	22	72	Sydney	C	14	57
Bangkok	S	32	90	Gibraltar	S	24	75	Munich	S	18	64	Taipei	—	—	—
Barcelona	S	26	79	Guernsey	S	22	72	Nairobi	C	21	70	Tangier	S	24	75
Beirut	S	32	90	Helsinki	S	15	59	Naples	F	27	81	Tehran	—	—	—
Belgrade	C	19	66	H. Kong	R	25	77	New Delhi	F	31	88	Tel Aviv	F	29	84
Berlin	S	21	70	Innsbruck	S	20	68	New York	S	23	73	Tenerife	S	32	90
Biarritz	S	27	81	Inverness	F	15	59	Nice	S	25	77	Tokyo	S	32	90
Blackpool	C	15	59	Istanbul	S	25	77	Oporto	S	20	68	Toronto	F	15	59
Bordeaux	S	28	82	Jersey	S	23	73	Oslo	S	19	66	Tunis	S	28	82
Brussels	S	23	73	Jo'burg	S	22	72	Paris	S	25	77	Valencia	S	30	86
Budapest	F	25	77	Las Palmas	S	31	88	Prague	S	19	66	Venice	S	24	75
B. Aires	F	15	59	Lima	C	18	64	Reykjavik	S	9	48	Vienna	C	18	64
Cairo	S	32	90	Lisbon	S	27	81	Rio de J'o	—	—	—	Warsaw	S	22	72
Cape Town	F	19	66	Locarno	S	23	73	Rome	S	25	77	Zurich	S	19	66
Caracas	C	27	81	London	S	24	75								
Casablanca	—	—	—	Los Angeles	F	21	70								
Copenhagen	F	21	70	Luxembourg	S	19	66								
Corfu	S	27	81	Madrid	S	30	86								
Dublin	—	—	—	Majorca	S	27	81								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

CGT protest focuses on Renault

BY DAVID HOUSEGO IN PARIS

FRANCE'S Communist-led CGT union dramatically stepped up its campaign against the Socialist Government's economic policies by blocking the Champs Élysées in Paris for four hours yesterday morning.

Communist workers from the Renault group used new cars they had seized from a Renault storage centre to block Paris's busiest boulevard from early in the morning. The action was in protest against Renault's shipping to Spain equipment for the manufacture of cars in the group's Spanish plants. The CGT claims that the cars are imported back into France and thus deprive French workers of jobs.

The blocking of the Champs Elysées coincides with other militant action by the CGT in the steel, car, shipbuilding and consumer goods industries. The union's aim is to force the government to take repressive measures that will further damage the image of the Socialist.

Yesterday's action also coincided with demands from M Henri Krasucki, the CGT leader, for further industrial disruption this autumn. Renault, where the new chairman M Georges Besse is carrying out extensive rationalisation plans, is the focus of the CGT attack.

Over the last few days, CGT workers at Renault have been attempting to prevent the new equipment from leaving the Douai plant in the north and being sent by rail to Spain.

When they failed to halt it at the factory, they continued through commando raids to harass the train's journey through France. The train finally cleared the Spanish border yesterday morning after a more than 30-hour journey.

Élysée link to Greenpeace surveillance, Page 2

19

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Friday August 30 1985

Healthy growth gives Amev impetus

By Laura Raun in Amsterdam

AMEV, the third largest Dutch insurance company, is launching an ambitious capital-raising programme following robust growth in first-half profits and an increased interim dividend.

Aegon, the second biggest insurer, also posted higher first-half earnings and lifted its interim dividend, rounding out a healthy picture of the Dutch insurance industry. Earlier this week, Nationale-Nederlanden, the leading company, raised its dividend on modestly higher net income. Improved profits for all of 1985 are forecast across the board.

Amev is planning a one-for-ten rights issue of Fl 11.9m ($3.8m) in September, with the issue price still to be announced, and a preferred share issue of Fl 9.57m nominal value, to be placed with Munich Reinsurance. The proceeds of the capital expansion will be used to strengthen shareholders' equity in line with general expansion.

The Utrecht-based insurer also announced a four-for-one share split.

The company is considering a Eurodollar loan to consolidate short-term debts associated with recent acquisitions, including a greater stake in the Bilbao group of Spain, Western Life Insurance of the U.S. and a stake in Ka Wah Insurance of South-East Asia.

In the first half, net income spurted 20 per cent to Fl 137.3m on favourable exchange-rate movements and the consolidation of Western Life.

Output lifts results at Statoil

By Fay Gjester in Oslo

STATOIL, Norway's state-owned oil group, yesterday reported an 11 per cent rise in net profits for the first half of 1985 to NKr 1.1bn ($133.5m) from NKr 985m, on turnover that was up by NKr 3.6bn to NKr 19.8bn.

Profits before tax and year-end appropriations were NKr 6.1bn, compared with NKr 4.4bn that was mainly due to increased production from the Statfjord field, and the strong U.S. dollar.

Investments during the six months totalled NKr 2.7bn, mainly linked to development of the Statpipe gas gathering system, the Statfjord C platform and the Gullfaks and Oseberg fields.

Crude oil handled by the company in the period totalled 8.3m cubic metres, (52.2m barrels). Eighty-two per cent of that came from Statoil's share of Statfjord. Of the total, 1.4m cubic metres was refined at the West Norwegian Mongstad refinery, operated jointly by Statoil and Norsk Hydro. The rest was sold to customers in Western Europe and the U.S.

Renison mines does better in second half

By Kenneth Marston in London

RENISON Goldfields, the 49 per cent-owned Australian arm of Consolidated Gold Fields, has recovered in the second half with net profits up to A$23.5m ($16.7m).

Net profits for the year to June 30 compared with A$10.2m in 1983–84, and were up to 35.6 cents a share. The dividend remains the same at 10 cents.

The latest earnings include extraordinary profits of A$10.8m after tax charges of A$7.27m, compared with a credit of A$2.04m a year ago.

The better performance reflects the benefits export revenues reaped from the devaluation of the Australian dollar, while profits from mineral sands have been boosted by a higher demand for the product.

Trading conditions have improved in Australia and Papua New Guinea. Overall there has been the benefit of tight cost control. Matters have also been helped by agreement for the continuation of operations at the Mount Lyell copper mine and a reduction in that plant's operating losses.

On the other hand, output of the big Renison tin mine in Tasmania was restricted to well below capacity because of tin export controls imposed by the International Tin Agreement.

Renison says the improved trading performance should be maintained in the current year when the new Pine Creek gold mine and the upgraded Wau mill will be commissioned. Past losses at Mount Lyell are not expected to recur.

Sally sells tankers and ousts chairman in bid to cut losses

BY OLLI V. VIRTANEN IN HELSINKI

SALLY, the Finnish shipping line with a major presence on cross-Channel ferry routes, has ousted its chairman and sold three tankers as part of a broadly based attempt to get the group back to profits.

Mr Sven-Erik Johanssen, the outgoing chairman, was the last remaining board member of Sally's founding family. Earlier this year, the company came under the control of the Union Bank of Finland, its largest creditor.

Sally's problems stem mainly from the collapsed tanker market. Its expansion into the Caribbean cruise market also produced losses. The cross-Channel Viking Line has been a relatively good investment.

Last year, the group losses, excluding the ship sales, rose to FM 140m ($23.7m) on turnover of FM 1.06bn.

Sally has sold a number of vessels in the past few years in an effort to reduce losses. Even its mainstay, car-passenger traffic between Finland and Sweden, has not been left untouched. The company sold one large ferry to Norwegian interests for $27m last February. However it still operates six vessels, some owned by financial institutions.

The company has undertaken to invest the money from the Norwegian sale in projects in Ramsgate, south England, where it runs its own large port. According to some reports Sally's UK subsidiary will soon sign an investment contract worth around $7m.

The Viking Line operates passenger ferries between the Ramsgate port and Dunkirk in France. This has turned out a success for the company. During the first seven months of this year the line had 485,000 passengers, up 47 per cent on last year.

Mannesmann raises first-half earnings

BY OUR FINANCIAL STAFF

MANNESMANN, the West German engineering group, reports improved sales and profits for the first half of 1985.

The company, which in recent years has been hit by heavy losses on steel pipe making, says turnover for the half year rose by 16 per cent to DM 8bn ($2.9bn), with profits also moving ahead.

Domestic turnover rose 19 per cent while foreign sales gained by 14 per cent. Pipes turnover rose by 25 per cent and the division made a profit for the six months, against a loss of DM 218.5m for the whole of last year.

The Mannesmann Demag mechanical engineering unit saw sales decline in the half-year, although its older books improved by around 12 per cent.

Mannesmann staged a strong recovery last year, lifting net profits to DM 188.5m and paying a maintained DM 4 a share dividend.

KHD, the diesel engines and agricultural machinery group, looks forward to a satisfactory result for 1985 following an increase from DM 2bn to DM 2.4bn ($872.4m) in sales for the first six months.

The company explains that acquisitions accounted for almost all of the sales gain. It says that turnover for the whole of 1985 should rise above last year's DM 5.6bn from which KHD returned net profits of DM 60.2m.

● Varta, the battery and plastics group, has improved interim sales by 15 per cent to DM 875m. It says profits for 1985 as a whole will be satisfactory. Net profits totalled DM 38m ($13.8m) in 1984.

Boskalis to convert its debt into equity

BY LAURA RAUN IN AMSTERDAM

BOSKALIS, the financially beleaguered dredging company, said yesterday that it hoped to reduce the nominal value of its outstanding share capital and convert its debt into equity in a bid to restore financial health.

Protracted negotiations over the debt, which exceeds Fl 765m ($192m) have been conducted with Boskalis' 53 Dutch and foreign bank creditors and its bond holders since the beginning of the year. The company has had an indefinite moratorium on the bank debt since February and has successfully fended off one request for bankruptcy.

The outstanding share capital has a nominal value of Fl 33.75m, with approximately 3.38m shares outstanding. The share price on the Amsterdam stock exchange has dropped about Fl 5 in the past two months to around Fl 18, although trading has been suspended the past two days.

The Sliedrecht-based company plunged into difficulties last year when several debt-strapped countries such as Argentina, Nigeria and Algeria failed to make payments on contracted work. Algeria recently has agreed to resume payments on contracted work. Algeria recently has agreed to resume payments on a pipeline project, Boskalis said earlier this week, although the biggest problem – Argentine debt – remains tangled and unresolved.

Sonesson expects sharp rise in profits

By Kevin Done in Stockholm

SONESSON, the Swedish light engineering, pharmaceuticals and medical equipment group expects profits (after financial items) of up to SKr 520m ($63m) this year compared with SKr 373m in 1984.

Profits per share will fall slightly, however, from SKr 9.95 per share last year to SKr 9 as the forecast includes a significant contribution from Gambro, the medical equipment group, which has been consolidated for the first time this year following its acquisition in January.

Without the Gambro contribution, profits for the year are expected to rise by about 20 per cent. Sonesson now owns 57 per cent of the votes in Gambro and 33 per cent of the equity.

It is planning to float part of Leo, its pharmaceutical subsidiary, on the Swedish stock market during the autumn and intends to offer Sonesson shareholders the right to purchase one Leo share for every 10 Sonesson shares. Sonesson will retail a majority stake in Leo.

Sonesson group turnover rose to SKr 3.18bn in the first six months from SKr 1.91bn in the same period last year. Taking account of acquisitions and disposals group sales increased by 15 per cent.

Group profits after financial items rose to SKr 216m from SKr 140m a year earlier.

Novo faces U.S. class action suit

By Hilary Barnes in Copenhagen

NOVO, the pharmaceuticals and enzymes manufacturer, has had a share class action suit filed against it in New York concerning the propriety of disclosures in the summer of 1984 allegedly covering projected 1984 sales and earnings.

Novo said it believed the action to be without merit and said it would defend it to the fullest.

After several years of rapid increases in sales and earnings, there was a slowdown in 1984, which had an adverse effect on the price of Novo shares, listed in New York as American depository receipts.

First half sales in 1984 increased by 12 per cent, while net earnings were down by DKr 9m to DKr 320m ($32m).

In its first-half interim statement issued in August last year, Novo said: "Current indications are that the development of sales and earnings will improve in comparison with the first half."

Full year sales increased by 12 per cent to DKr 3.7bn, while pre-tax earnings declined from DKr 95m to DKr 918m and net earnings from DKr 704m to DKr 685m.

Novo said yesterday that it had noted that share class actions under Section 10b of the 1934 Securities and Exchange Act were not unusual in the wake of significant changes in the share price of a company.

Grundig expects to halve losses

BY OUR FINANCIAL STAFF

GRUNDIG, the West German audio-video group which has been heavily in the red for some years, expects to more than halve losses for the year ending March, 1986.

The company, which came under the management of Philips of the Netherlands in 1984, forecasts a loss of about DM 80m ($29m) for this year, down from DM 180m in 1984-85.

Speaking at a news conference in West Berlin, Mr Hermanus Koning, managing board chairman, reaffirmed that Grundig would move back into some sort of profit for the 1986-87 year.

Mr Koning, the Dutch chief executive installed by Philips, said restructuring plans called for 2,500 jobs to be cut in Germany by the end of 1986-87, roughly in line with earlier company statements.

About half the affected employees were likely to agree to join a retraining scheme to be jointly funded by Grundig and the Federal Labour Office, he said. Employees older than 55 would be offered early retirement.

The job losses in Germany are part of total job cuts of around 7,000 planned by Grundig worldwide. The company recently announced it also planned to eliminate 1,000 jobs in Portugal and an unspecified number in Italy and Spain.

Last year Grundig's labour force declined by 4,000 to 24,000 – a far cry from the peak of 38,000 in 1979. Mr Koning said earlier this year that two of the company's six German plants were endangered.

Bang & Olufsen sees DKr 26m pre-tax loss

BY OUR CORRESPONDENT IN COPENHAGEN

BANG & OLUFSEN, the Danish TV and audio equipment manufacturers, will pass the dividend after making a DKr 26m pre-tax ($2.6m) loss in the year ending May 31. The loss was forecast in a statement issued in May, but reversed a prediction nearly a year ago when the company forecast a DKr 20m profit.

The result has been affected by booking as direct expenditure amounting to DKr 124m in investment and research and development costs, an increase of 63 per cent from the previous year.

The high level of expenditure on product development and investment will first manifest itself in a product basis giving a justified expectation of improved earnings in 1986/87, said the company. It made no forecasts for the current year.

Sales last year increased by only 3.5 per cent to DKr 1.6bn, partly as a result of a failure of sales in the U.S. to develop in line with expectations. Delays in deliveries of components for a compact disc player delayed the introduction of this product in the U.S.

Net financial costs increased from DKr 40m to DKr 57m. Strike disruptions during three weeks in March and April also had an adverse effect on sales and earnings.

Last year B & O disappointed shareholders with pre-tax results of DKr 20m, half the figure forecast when it entered the market in the autumn of 1983 with a share issue.

Hudson's Bay still in the red

By Bernard Simon in Toronto

HUDSON'S BAY Company, the troubled Canadian department store, property and fur trading group, suffered a net loss of C$45.5m ($33.6m) or C$2.13 a share in the three months to July 31, slightly higher than the loss of C$43.6m or C$2.05 a share a year earlier.

The latest period includes a C$4.8m loss from the disposal of two businesses at less than their book value.

The group, plagued by losses in its retail division and high debt service charges, lost C$101.7m in the first half of the current fiscal year compared with C$105.9m a year earlier.

The company predicted that second-half results would improve "substantially."

INTERNATIONAL BONDS

Struggling to absorb $700m of issues

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

THE EUROBOND market was last night struggling to absorb $700m in new fixed-rate paper, all of it launched on terms that traders regarded as aggressive.

The sudden burst of activity was largely borrower-driven with key issuers seeking bids for deals that produced an aggressive response from lead managers in the primary market. This was regardless of the fact that investor interest is currently lacking at least for such large amounts of paper.

Mitsubishi Finance was, for example, having to support its $200m issue for General Electric Credit Corporation which carries a seven-year maturity extendable to 20 years. The deal was not helped by the fact that its coupon of 9¾ per cent is below the 10 per cent barrier where resistance sets in among investors. Issue price is 100⅜ per cent.

The other two fixed dollar issues both had coupons of 10 per cent, but one of them, a $250m issue for Texaco Capital Corporation fell into the five-year category that is not currently particularly popular with investors. It also carries an above par issue price of 101¼. Lead manager is Goldman Sachs with UBS (Securities).

BHF Bank bond average		
Aug 29		Previous
105.386		105.375
High	1985	Low
105.386		99.840

The third dollar issue, for General Motors Acceptance Corporation, came too late in the day for the market to pass a considered verdict, but initial responses suggested that it was more attractively priced. Led by Swiss Bank Corporation International, it bears an issue price of 99⅝ per cent over seven years and is for a total of $250m.

Elsewhere, the Bundesbank announced that 14 new bonds worth a total of DM 2.8bn have been registered for launch in September in the West German market. This compared with a calendar of DM 1.5bn for August and an actual issue volume of DM 1.45bn.

The new amount scheduled is lower than the DM 4bn previously expected in the market and should be easily absorbed, especially as it includes a sizeable proportion of popular supranational names, bankers said.

But a surprise was that all the new issues are to be conventional fixed-rate bonds. Two large floating-rate issues, for Italy and Spanish Railways, that had been rumoured do not appear on the calendar.

On the secondary market, D-Mark issues closed slightly firmer while Swiss bonds were little changed. FAI Financial Services of Australia is raising SwFr 200m through a public issue led by Soditic. This will be the borrower's first international borrowing and it carries an indicated coupon of 6 per cent over 10 years.

The flow of dual currency issues continues in the yen sector with two more deals launched yesterday. Westinghouse of the U.S. is raising Y12bn through a 7½ per cent six-year bond priced at 101½ and repayable in dollars. Nikko Securities is leading the issue which carries a redemption value of $56.4m, giving a break-even exchange rate of Y212.85 per dollar.

Late in the afternoon, Austria also came with a Y25bn 10-year issue bearing a coupon of 6 per cent and issue price 102. Nomura International is leading this deal which bears a redemption value of $119.7m and a break-even exchange rate of Y208.85.

Among other new issues, Ford Credit of Canada is raising C$75m through a seven-year 10¼ per cent issue priced at 100⅜ per cent and led by Goldman Sachs. The University of Quebec is raising C$25m through a seven-year 10⅞ per cent issue priced at par by lead manager Banque Internationale à Luxembourg.

Kellogg Co launched an A$30m, three year issue bearing a coupon of 12⅞ per cent and issue price 100½ through Salomon Brothers, while Hambros brought TransCanada Pipelines to the market for A$40m over five years. The 13½ per cent bonds were priced at 100½ per cent. Kreditbank's 17 per cent New Zealand dollar issue has been increased by NZ$20m to NZ$70m because of heavy demand.

Borg-Warner in joint study with CdF-Chimie

BY LISA WOOD IN LONDON

BORG-WARNER Chemicals (Europe), with plants in Scotland and the Netherlands is conducting a joint feasibility study with CdF-Chimie, the French chemicals company, to explore the possibility of merging their respective ABS plastics businesses in Europe.

Borg-Warner, a subsidiary of Borg Warner Corporation based in the U.S., is a manufacturer of ABS – an engineering plastic – special chemicals and petrochemicals. CdF-Chimie, with its ABS plant in France also makes special chemicals, petrochemicals, fertilisers and paints.

Mr Albert Watson, president of Borg-Warner's European operations, said the two companies believed that with a larger base for their ABS business they could serve their markets better and bring in new technology more rapidly.

A possible new joint company would create probably the biggest manufacturer of ABS in Europe and would own plants in three countries.

Venezuelan company to sign private debt plan

BY PETER MONTAGNON IN LONDON

C.A. VENEZOLANA de Cementos will today sign a $72m debt refinancing package with 12 international bank creditors, believed to be the first rescheduling arranged by a private sector Venezuelan company since the debt crisis started.

Under the agreement the company will have access to $23.3m at the preferential exchange rate of 4.3 bolivares to repay principal which is being refinanced over five years at an interest margin of 1¼ per cent.

A further $43.6m is being refinanced over 3½ years at the same margin but without the exchange rate subsidy. The borrower, Venezuela's largest cement company and part of the Mendoza industrial conglomerate, will repay $5.2m under original terms and conditions.

Banks in the rescheduling deal include First National Boston, Wells Fargo, First Chicago, Chemical, Manufacturers Hanover, J.H. Schroder Wagg, Philadelphia National, Lloyds, Royal Bank of Canada, CIBC, Grindlays and Eulabank.

INTL. COMPANIES & FINANCE

Strong final quarter sales growth boosts G. J. Coles

BY MICHAEL THOMPSON-NOEL IN SYDNEY

STRONG FINAL quqarter sales growth helped propel G. J. Coles, Australia's biggest retailer to a net profit of A$122.4m (US$85.7m) for the year to July, against A$104m in 1983-84.

The performance was well up to expectations for the company, which recently acquired another big retailer, Myer Emporium, in a A$1bn deal expected to boost Coles' total turnover, in the year ahead, to more than A$10bn.

Coles' 1984-85 sales were a little over 12 per cent higher at A$6.1bn, with profit as a percentage of sales rising from 1.92 per cent to 2 per cent.

The company is paying a final dividend of 13 cents a share, for a total of 21 cents, up from 19.5 cents.

Coles is expected to make a statement in the next few days on restructuring the Myer operation. It will also cast light on plans for its A$60m, 9.9 per cent stake in third big retailer, Woolworth, which is unconnected with the UK or U.S. groups of that name.

One of the key to Coles' much higher profits was severe cost containment. Mr Bevan Bradbury, chairman, said retailing conditions for most of the year had been generally depressed but added that expected income tax cuts plus a stronger market in the run up to Christmas — would help sales and profits.

● Mr Larry Adler's F.A.I. Insurances, a key player in several recent big Australian takeovers, doubled net earnings to A$28.4m for the year to June, and is raising its annual dividend from 19 cents a share to 21 cents.

Group assets rose to A$456m and shareholders' funds to A$153m.

First half surge at Hongkong Electric

By David Dodwell in Hong Kong

HONGKONG ELECTRIC, the utility company in which Mr Li Kashing holds a controlling 24 per cent interest following a HK$2.9bn (U.S.$372m) deal in January, boosted pre-tax profits for the first half of 1985 to HK $488.4m, a 19.6 per cent improvement on the same period of last year.

The board approved an interim dividend of 23 cents a share, 53 per cent better than last year's interim.

Mr Simon Murray, who became chairman of the group shortly after Mr Li won effective control, forecast yesterday that earnings woud grow at a similar pace during the second half "barring unforeseen circumstances." Profits in 1984 were depressed by provisions made in International City Holdings, a 34.6 per cent-owned property associate, and in Fortress, the white-goods retailing arm.

In January Mr Li paid the debt-burdened Hongkong Land HK $2.9bn for its 33.8 per cent stake in Hongkong Electric. Early this month, he reduced his holding to 24 per cent, recouping more than HK $1bn of his outlay, while at the same time retaining the dominant role.

● First Pacific Holdings, the Hong Kong-based banking group effectively controlled by the Liem family and associates in Indonesia, yesterday acquired for an undisclosed price the First Philippine Capital Corporation (FPCC).

The name of FPCC, which provides loan syndication, securities dealership, investment management and financial advisory services in the Philippines, will be changed to First Pacific Capital Corporation.

Record year for Rothmans Malaysia

By our Kuala Lumpur Correspondent

ROTHMANS of Pall Mall Malaysia has reported another year of record earnings and is sharply increasing its dividends.

Pre-tax profits for the year to June rose 48 per cent to 76.1m ringgit (US$31.1m) and the dividend is being raised to 15 cents a share from 8.5 cents.

Net profits were 36 per cent higher at 38.5m ringgit, or 31 cents a share compared with 23 cents. Turnover rose 19 per cent to 470m ringgit.

Rothmans International of the UK, which owns half the company, plans to increase the Malay equity ownership from the current 4 per cent to 30 per cent by 1988 to conform with government policy.

Fleet of Malaysia buys control of merchant bank

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA'S powerful Fleet group is to acquire a majority stake in a merchant bank in a move which greatly strengthens its involvement in the financial services sector.

The Bank of Commerce, a Fleet subsidiary, said it had reached agreement to buy 51 per cent of Pertanian Baring Sanwa merchant bank (PBS) for an undisclosed sum, believed to be in excess of 26m ringgit (US$10.6m).

The stake is being bought from Bank Pertanian, the government-owned agriculture bank, which will retain 16 per cent in PBS. Other shareholders in PBS are Baring Brothers of the UK and Sanwa Bank of Japan, each with 16 per cent.

It is understood that Bank Pertanian has been directed by the Government to reduce its stake in PBS and concentrate on its main function in promoting agricultural development.

PBS began operations in 1974 and at May 1984 had shareholders' funds of 21.7m ringgit and recorded pre-tax profits that year of 5m ringgit. With total assets of 365m ringgit, it is the sixth largest of Malaysia's 12 merchant banks.

Apart from owning 86 per cent of the Bank of Commerce, the Fleet group controls the new Straits Times, Malaysia's biggest newspaper publishing chain, as well as Faber Merlin, the hotel and property group, and TV3, the private television station.

Fleet, in turn, is controlled by the ruling United Malays National Organisation of Dr Mahathir Mohamad, the Prime Minister.

MHI may sell U.S. unit

BY YOKO SHIBATA IN TOKYO

MITSUBISHI HEAVY Industries (MHI) of Japan, one of the world's largest manufacturers of heavy industrial products, is exploring the possible sale of its U.S. subsidiary which makes business aircraft.

Mitsubishi Aircraft International (MAI) of Dallas, Texas, was established in 1967 to market MHI's turbo-prop business aircraft, the MU-2. It went on to become an assembly centre for the MU-300, a twin turbo-fan business jet launched in 1981.

Initial orders for the MU-300 ran to 120, but more than a third of these were cancelled in the wake of the U.S. economic recession and high interest rates.

The company also announced an unexpected Y1 increase in its annual dividend to pay Y6 in the current year. This reflected income from sales of minority stakes in Mitsubishi Motor (MMC) to Chrysler, Mitsubishi Corporation and Mitsubishi Bank.

The move will bring MHI Y160bn ($675m) over the next two to three years. The U.S. car maker has agreed to raise its MMC holding from 15 per cent to 20 per cent.

Yamaha Motor in profit

BY OUR FINANCIAL STAFF

YAMAHA MOTOR, the Japanese motorcycle maker, achieved group net profits of Y450m ($1.9m) in the year to April which, although confirming its strong turnround from losses which the previous year reached Y37.8bn, were sharply down from the net earnings of Y7bn which the parent company alone had been able to achieve in 1984-85.

Overseas sales, up 14.9 per cent in the year, accounted for 62.4 per cent of the Y468bn overall figure, which itself was 11 per cent ahead.

On a per share basis, losses last time of Y234.45 were transformed into earnings of Y2.80. Again, however, this was a fraction of the Y43.43 recorded at the unconsolidated level, where many subsidiaries are excluded.

Yamaha, as part of a large-scale restructuring put into effect from 1983, has been acting to slim and revitalise its U.S. operations in particular.

In addition, marketing and administrative costs worldwide were trimmed back

The company made no forecast for consolidated earnings in the current year. For the parent company only, Yamaha expects a 30 per cent pre-tax rise to Y8bn.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 29.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	101⅞	102⅜	0	+0¼	10.25
Amex Credit 12⅜ 88	150	106½	107	−0⅛	0	9.98
Atlant Richfld 10¼ 00	250	95⅝	96⅛	0	+0⅝	10.81
Australia Com 11¼ 00	100	103½	104	+0⅛	+0½	10.72
Australia Com 11 95	200	103⅜	103⅞	+0⅛	+0½	10.37
BP Capital 11⅛ 92	150	103	103½	0	+0½	10.38
Canada 11½ 90	500	105⅝	106⅛	−0¼	+0⅛	9.80
Canadian Pac 10¾ 93	100	100¾	101¼	0	+0⅛	10.54
Canadian Pac 12½ 99	75	107⅝	108⅛	+0⅛	+0⅝	11.34
CBS Inc 11⅜ 92	100	104	104½	−0⅛	+0⅜	10.48
Chevron U.S.A. 12¼ 89	600	105	105½	−0¼	−0⅛	10.59
Citicorp 11½ 95	150	101½	102	+0⅛	−0⅜	11.18
Coca Cola 11¾ 91	100	107½	108	−0⅛	−0⅜	9.98
Denmark Kingdom 11¼ 89	100	102¾	103¼	0	−0⅛	10.20
Denmark Kingdom 11½ 90	100	104⅜	104⅞	0	+0¼	10.18
Denmark Kingdom 11½ 92	100	104½	105	0	+0⅜	10.44
Denmark Kingdom 13¼ 91	100	111⅜	111⅞	0	+0⅜	10.65
E.D.F. 10 95	225	96¼	96¾	+0⅛	+0¼	10.58
E.E.C. 11⅛ 90	100	103½	104	0	+0⅛	10.09
E.I.B. 12 95	200	107⅞	108⅜	+0⅛	+0⅞	10.59
Export Dev Corp 10 90	100	100⅜	100⅞	+0⅛	+0½	9.81
Export Dev Corp 12 89	100	106⅜	106⅞	0	+0⅛	9.98
Fed Dep Stores 10⅞ 95	100	97½	98	+0¼	+0¾	10.49
Ford Motor Cred 11⅜ 90	100	102½	103	−0⅛	−0⅛	10.53
Ford Motor Cred 11⅝ 95	100	103½	104	+0½	+1⅛	10.95
Ford Motor Cred 11¾ 92	100	103⅞	104⅜	0	+0½	10.82
Ford Motor Cred 12 95	100	105½	106	0	+0½	10.97
Gen Elec Credit 10¼ 00	200	101	101½	0	+0⅛	10.07
GMAC 10¼ 89	200	101¼	101¾	0	+0¼	9.73
IBM Credit 10⅜ 2000	300	102¼	102¾	0	+0⅜	10.02
Japan Air Lines 13⅜ 94	180	†118	118½	0	+0¼	10.16
Kellogg Company 10⅞ 90	100	103⅜	103⅞	0	+0½	9.78
Kellogg Company 11¼ 92	100	104½	105	0	+0⅜	10.17
L.T.C.B. 12⅞ 91	100	110⅛	110⅝	0	+0⅛	10.48
Macy Cred Corp 11¾ 95	100	105⅛	105⅝	0	+0⅜	10.79
Mellon Bank 13 87	100	105⅝	106⅛	−0⅛	+0⅛	9.84
Merrill Lynch 12¾ 89	100	105⅛	105⅝	−0⅛	0	10.73
Minnesota 11½ 87	100	103⅝	104⅜	0	0	9.21
Mitsui Trust 11⅝ 90	100	103	103½	−0⅛	+1	10.71
Morgan Guaranty 12⅜ 89	150	107	107½	−0⅛	+0⅛	10.12
Penney J.C. 12¾ 91	100	108⅜	108⅞	+0⅛	+1⅛	10.62
Pru Realty secs 12⅛ 95	546	108⅜	108⅞	+1½	+1⅞	10.80
Qantas Airways 10⅜ 95	140	99½	100	0	+0⅝	10.41
Quebec Hydro 11½ 92	100	104	104½	0	+0⅞	10.61
Queensland Govt 10¾ 95	100	97⅞	98⅜	−0⅛	+0½	10.58
Ralston Purina 11¾ 95	150	105⅜	105⅞	+0⅛	+0⅝	10.78
Ralston Purina 12¾ 89	100	108⅛	108⅝	0	+0⅛	10.15
Saskatchewan 10¾ 92	100	102¼	102¾	0	+0¼	10.18
Saskatchewan 11⅞ 89	100	105⅞	106⅜	+0⅛	+0⅛	9.99
S Wales Trsy 11¾ 90	150	105½	106	0	0	10.11
Swed Exp Cred 10 92	100	97⅝	98⅛	−0⅛	−0⅛	10.43
Swed Exp Cred 12¾ 89XW	100	108	108½	0	+0⅜	10.15
Sweden Kingdom 10⅞ 90	200	102⅝	103⅛	0	+0⅜	10.05
Sweden Kingdom 11½ 89	200	104⅞	105⅜	0	+0½	9.94
Sweden Kingdom 11¾ 94	100	105⅞	106⅜	+0⅛	+0½	10.68
Tenneco Corp 10¾ 95	150	100¾	101¼	0	+0¼	10.57
Texaco Capital 11⅛ 95	250	102	102½	0	+0½	10.72
Total Asia 11½ 95	100	103⅛	103⅝	+0⅛	+0½	10.90
Victorian Rep 11⅝ 92	150	104⅞	105⅜	0	+0¼	10.48
World Bank 10⅛ 95	300	98⅛	98⅝	0	−2⅛	10.39
World Bank 12⅞ 94	200	112⅛	112⅝	0	+0⅛	10.67

Average price change On day +0⅛ on week +0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	107⅝	108⅛	+0¼	+0⅜	6.80
Austria Republic 7⅝ 94	200	105½	106	+0⅛	0	6.71
Baxter Travenol 7¼ 94	200	103¼	103¾	+0¼	+0¼	6.69
Copenhagen 7⅜ 95	150	102	102½	+0⅛	+0¼	7.03
Credit National 8⅛ 94	200	108¼	108¾	0	+0¼	6.76
E.I.B. 7¼ 94	300	104	104½	0	+0½	6.62
Escom 8 92	150	95½	96	−1⅜	−0⅞	8.86
Ex-Im Bk Korea 7⅜ 90	100	†99¼	99¾	+0¼	0	7.74
Ferrovie Dello Stato 8 91	100	†106¾	107¼	−0½	−0⅞	6.46
Finland Republic 7 92	200	†102	102¾	+0⅜	+0⅜	6.52
Gould Int Fin 7⅝ 91	100	106¾	107¼	+0¼	+1⅛	6.13
Ireland 8⅛ 92	150	†106	106½	0	−0¼	6.92
Japan Fin Corp 7⅜ 91	100	105¼	105¾	−0½	−0⅝	6.46
Mitsubishi Hvy 3½ 89WW	300	152½	153½	+1½	+0⅝	−8.49
Mitsubishi Hvy 3½ 89XW	300	92⅞	93⅝	−0⅛	−0⅜	5.62
Mitsubishi Met 3⅛ 89WW	100	107¾	108¼	−0⅜	0	1.21
Mitsubishi Met 3⅛ 89XW	100	91	91¾	+0⅛	+0⅛	5.42
Quebec Hydro 7⅛ 95	200	103⅞	104⅜	+0½	+0¾	6.54
Renfe 7¾ 95	100	104½	105	0	+0⅛	7.05
Renown 3⅛ 90	80	†106½	107½	−0¼	−0¾	1.61
Soc Cent Nuclear 7¼ 95	150	†102	102½	+0⅜	+0⅜	6.92
Societe Cent Nucleaire 8 91	100	107¾	108¼	+0⅜	+0⅝	6.31
Sth African Tran 7⅜ 92	100	93⅛	93⅝	−0⅝	−1½	8.90
World Bank 7 95	600	†102½	103	+0⅛	−1	6.61
World Bank 7¾ 89	100	103⅜	103⅞	−0⅛	−0⅛	6.53

Average price change On day +0⅛ on week +0⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¾ 94	100	†101¾	102	+0¼	0	5.98
Avon Cap Corp 5⅜ 94	130	†99¼	99½	0	+0¼	5.46
Brit land Comp 6½ 99	75	†103½	104	0	−0⅜	6.09
Council of Europe 6 92	120	†103¾	104	0	−0¼	5.34
Creditanstalt 5½ 94	100	†99	99¼	+0⅜	0	5.62
Deutsche Bk Fin 5⅜ 95	100	†101	101¼	0	0	5.22
E.I.B. 5⅞ 94	120	†102	102¼	0	+0¼	5.57
Export Dev Corp 5⅜ 92	125	†101¾	102	+0⅛	+0½	5.06
Gen Occidentale 4½ 94	80	†102½	103	−0⅜	−1⅞	4.13
I C Industries 5⅝ 94	125	†101¼	101½	+0¼	+0¾	5.43
Ind Fund Fin 5¾ 94	40	†102	102½	+0⅛	+0⅝	5.43
Int-Am Dev Bk 6⅛ 94	120	†102	102¼	−1	−0⅜	5.82
N Zealand steel 5¾ 96	70	†99¼	99½	0	+0¼	5.82
Oberos Kltwk 5⅜ 95	100	†98¾	99	+0¼	0	5.53
Ralston Purina 5⅜ 94	125	†100½	100¾	−0½	0	5.29
Santos Finance Ltd 6 94	130	†99¾	100	+0¼	+0¾	6.01
Tokyo Elec Pwr 5½ 93	120	†99¾	100	−0½	−0¼	5.52
Tokyo Metropolis 5¼ 94	80	†99	99¼	+0½	+0½	5.37
World Bk 5¾ 94	150	†101¼	101½	+0¼	+0¼	5.55

Average price change On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 6¾ 90	15	100⅞	101⅜	+0⅛	+0¼	6.45
Gdyr Tr & Rubber 7⅛ 95	25	100⅛	100⅝	0	+0⅞	7.06
Mort Bk Denmark 7 92	10	100½	101	0	+0⅛	6.85
New Brunswick 7⅛ 95	10	102¼	102¾	−0⅛	+0¼	6.76
Swed Exp Cred Zero 90	14	72⅜	72⅞	0	+0⅛	6.50

Average price change On day 0 on week +0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia Com 12⅞ 90$A	125	100⅞	101⅞	0	+0¼	12.47
Citicorp Aust 13½ 88$A	40	100¾	101¾	0	0	12.91
CSR Finance 13¾ 90 $A	40	99⅞	100⅞	0	+0⅞	13.11
Nissho Iwai 13¼ 90 $A	30	100⅛	101⅛	0	0	13.03
Amex 10¾ 90 C$	50	101⅛	101⅝	0	+0⅛	10.35
Genstar Fin 11¾ 95 C$	75	98¾	99¼	+0⅛	+0⅜	11.91
Hamil-Went'th 10¾ 95C$	25	†96¼	96¾	0	+0⅛	11.35
Loblaw Cos 11⅜ 92 C$	50	†100¾	101¼	0	+0⅛	11.38
New Brunswick 11⅝ 95C$	75	†102⅝	103⅛	0	+0⅜	11.11
Shell Canada 11¼ 92 C$	75	101⅝	102⅛	+0⅛	+0⅜	10.94
Winnipeg City 10⅜ 90C$	50	99	99½	+0⅜	−1⅛	10.82
Christ Bk 18¾ 88 NZ$	50	93	94½	0	0	19.18
DG Bank 16½ 90 NZ$	75	103¼	104¼	0	0	15.35
Westpac Bk 18⅛ 88 NZ$	50	98	99	0	0	16.79
Creditanstalt 8⅞ 94ECU	68	99¾	100½	0	+0⅞	8.84
Motorola 8⅝ 92 ECU	50	99⅛	99⅞	+0⅛	+0⅛	8.87
Walt Disney 9⅛ 95 ECU	80	102⅜	103⅛	0	0	8.68
Eurofima 7½ 92 FL	50	†104¾	105¼	0	0	6.54
Philips Lamps 7½ 90 FL	100	†104¾	105¼	0	0	6.22
Rank Xerox 8 90 FL	100	†104¾	105¼	0	0	6.70
Van Lanschot 7½ 90FL	50	†102¾	103¼	+0¼	+0⅛	6.74
World Bank 7½ 90 FL	150	†104¾	105¼	−0¼	+0¼	6.23
IBM France 11⅛ 90 FF	700	99½	100	−0⅜	−0½	11.17
Australia Comm 11 92 £	40	100⅛	100⅝	−0⅛	+0¼	10.89
BP Capital 10¾ 92 £	50	99½	100	0	+0⅜	10.80
E.I.B. 11⅛ 93 £	50	100½	101	0	+0⅛	10.95
GMAC UK Fin 10½ 90 £	30	98¾	99¼	0	+0¼	10.75
Imp Chem Inds 11¼ 95 £	75	100⅝	101⅛	−0⅛	+0⅛	11.10
Imp chem Inds 10¾ 92 £	75	98	98½	0	+0¼	11.12
Mcdonalds 10⅞ 90 £	40	100⅜	100⅞	0	+0½	10.65
Privatbanken 11⅞ 92 £	20	100⅛	100⅝	0	+0⅛	11.76
Rank Xerox 11 92 £	40	99½	100	+0⅛	+0¼	11.03
Royal Ind 10¾ 92 £	60	97⅛	97⅝	0	+0⅛	11.31
Royal Trustco 11⅝ 90 £	30	100⅛	100⅝	0	−0⅛	11.22
Ster Drug Cap 10⅞ 90 £	30	99⅝	100⅛	0	+0¼	10.87
Tricentrol XW 11 92 £	35	94¾	95¼	−0⅛	0	12.10
Tsthouse Forte 11⅛ 90£	50	99½	100	0	+0¼	11.16
World Bank 11¼ 95 £	100	102⅝	103⅛	0	0	10.74
E.C.S.C. 10½ 94LF	100	102⅝	103⅜	0	−0¾	9.97
Nat Lux Alum 10½ 92 LF	600	104¼	105¼	+0⅛	−0¼	9.54

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¼ 92	0	99⅝	99⅞	27/8	9.6	9.62
BankAmerica O/S 5¼ 96	0⅛	99⅞	100⅜	3/9	8⅛	8.17
Bank of Montreal 5 96	0⅛	100⅞	101⅛	29/10	8.31	8.23
Bankers Trust 5 2000	0	99⅝	99⅞	11/9	7.69	7.71
Bankers Trust 5¼ 96	0⅛	100¼	100½	19/11	8.31	8.28
B.F.C.E. 5¼ 99	0⅛	100¼	100½	13/9	10.06	10.02
B.N.P. 5¼ 96 (July)	0¼	100	100¼	22/1	8¼	8.24
C.C.F. 5¼ 97	0	99⅞	100⅛	22/9	10⅝	10.63
Chase Man'tn 5 2000	0	99⅝	100⅛	12/11	8⅛	8.14
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅜	5/9	7.81	7.80
Citicorp O/S 5¼ 96 Sep	0⅛	99⅝	99⅞	19/12	11.19	11.22
Credit Lyonnais 5¼ 95	0⅛	100⅝	100⅞	11/10	9.69	9.62
Ireland 5¼ 97	0	100⅛	100⅜	26/10	9.69	9.66
Ireland 5¼ 99	0	100¼	100½	14/9	10	9.96
Italy, Republic 5 94	0⅛	100⅛	100⅝	12/11	8⅞	8.84
Lloyds Bank 5¼ Perp	0¼	99⅞	100⅜	9/12	8	7.99
Midland Bank Perp 5	0¼	99½	100	19/12	8⅛	8.15
Nat West Perp 5	0⅛	101⅛	101⅜	13/11	9⅛	9.01
Nat West Perp A 5¼ S	0¼	99½	99¾	9/1	8¼	8.26
Nat West Perp B 5¼ S	0¼	99⅝	99⅞	10/2	8.91	8.93
Queensland Coal 5¼ 98	0¼	100⅜	100⅝	12/11	9	8.96
Roy Bk Canada 5 2005	0⅛	99⅜	99⅞	5/9	8⅛	8.16
Roy Bk Scot 5¼ 2005 £	0	99⅛	99⅜	1/11	11.69	11.78
Sweden Perp 5¼	0¼	100	100¼	8/1	8.31	8.30
Tokai 5¼ 99	0⅛	100¼	100½	12/12	8⅛	8.09

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	119⅛	120⅛	+1¾	10.98
Fanuc 3¾ 98	1/84	7032.3	142⅛	143⅝	−0⅝	38.10
Fujitsu 3 99	5/84	1320.9	79½	80¾	−0⅜	26.71
Kumagai Gumi 3½ 2000	3/85	600	152¾	154¼	+1	2.09
Marui 3½ 99	7/84	1162	123	124	−1⅞	−0.44
Mitsubishi Elec 2⅞ 00	3/85	422	89⅝	90⅝	−0½	2.47
Murata 3½ 99	7/84	2351.2	83⅝	84⅝	+0¼	34.70
Murata 3½ 2000	7/84	2398	83⅜	84⅜	+0⅝	37.57
Nippon Elec 2⅞ 2000	1/85	1295	79⅛	80⅛	+0½	18.34
Nippon Oil Co 3 2000	5/85	923	100¾	101¾	−0⅛	4.29
Nippon Oil Co 3⅛ 99	3/84	1052	†97	99	−3	25.08
Oki Elec Ind 3½ 99	10/84	805	85⅝	86⅞	+0⅛	34.99
Orient Leasing 5¼ 98	6/83	2680	93⅞	95⅞	−0⅛	−0.61
Sekisui House 3 99	6/84	612	142⅜	143⅝	−0⅞	−0.57
Sumitomo Bank 2¾ 2000	8/85	2142	102	103	−0¼	16.89
Sumitomo Corp 2⅞ 99	5/84	593	120	121	+0¼	0.98
Taiyo Yuden 3¼ 2000	3/85	1078	82¼	83¾	+0¼	−1.90
Takeda Riken 3⅜ 2000	10/84	7583	†77	79	0	46.46
Tokyo Sanyo Elec 3½ 99	12/84	772	96	97	+7¾	12.30
Toshiba Ceramics 3 2000	4/85	1734.2	82¼	83½	+0⅜	18.35
Nippon Oil Co 2⅞ 92 SF	3/84	1052	†104	104½	−0⅜	27.84
Nippon Shinpan Co 2 92 SF	3/84	801	†97½	98½	+0¼	16.17
Asics 5 92 DM	12/83	520	106⅝	107⅞	−0¼	17.84
Sum Realty 6¼ 92 DM	2/83	338	293	294½	+0½	−2.31

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Losses at J. P. Stevens

BY OUR NEW YORK STAFF

J.P. STEVENS, the second largest textile group in the U.S., ran up a loss of $29.3m in the third quarter of its fiscal year after accounting for a charge of $44.5m against restructuring costs and estimated losses on proposed divestments.

The company blamed the deficit mainly on imports of foreign textiles, which have hit its finished apparel products particularly hard. The businesses concerned include the Delta fabric division, woollen and worsted fabrics, United Elastic Fabrics and Stevcoknit Fabrics.

The loss for the quarter, which corresponds to $1.67 a share, compares with net income of $2.7m, or 15 cents, in the same period of last year and was incurred on sales of $443m against $507m.

In the first nine months of the year, losses amounted to $22.2m, or $1.27 a share, against net profits of $11m, or 61 cents.

BASE LENDING RATES

A.B.N. Bank	11½%
Allied Dunbar & Co.	11½%
Allied Irish Bank	11½%
American Express Bk.	11½%
Henry Ansbacher	11½%
Amro Bank	11½%
Associates Cap. Corp.	12 %
Banco de Bilbao	11½%
Bank Hapoalim	11½%
BCCI	11½%
Bank of Ireland	11½%
Bank of Cyprus	11½%
Bank of India	11½%
Bank of Scotland	11½%
Banque Belge Ltd.	11½%
Barclays Bank	11½%
Beneficial Trust Ltd.	12½%
Brit. Bank of Mid. East	11½%
■ Brown Shipley	11½%
CL Bank Nederland	11½%
Canada Permanent	11½%
Cayzer Ltd.	11½%
Cedar Holdings	12 %
■ Charterhouse Japhet	11½%
Choulartons§**	
Citibank NA	11½%
Citibank Savings	¶12½%
City Merchants Bank	11½%
Clydesdale Bank	11½%
C. E. Coates & Co. Ltd.	12 %
Comm. Bk. N. East	11½%
Consolidated Credits	11½%
Continental Trust Ltd.	11½%
Co-operative Bank	*11½%
The Cyprus Popular Bk.	11½%
Duncan Lawrie	11
E. T. Trust	12 %
Exeter Trust Ltd.	12 %
Financial & Gen. Sec.	11½%
First Nat. Fin. Corp.	13 %
First Nat. Secs. Ltd.	13 %
■ Robert Fleming & Co.	11½%
Robert Fraser & Ptns.	12½%
Grindlays Bank	‡11½%
■ Guinness Mahon	11½%
■ Hambros Bank	11½%
Heritable & Gen. Trust	11½%
■ Hill Samuel	§11½%
C. Hoare & Co.	11½%
Hongkong & Shanghai	11½%
Johnson Matthey Bkrs.	11½%
Knowsley & Co. Ltd.	12 %
Lloyds Bank	11½%
Edward Manson & Co.	12½%
Meghraj & Sons Ltd.	11½%
Midland Bank	11½%
■ Morgan Grenfell	11½%
Mount Credit Corp. Ltd.	11½%
National Bk. of Kuwait	11½%
National Girobank	11½%
National Westminster	11½%
Northern Bank Ltd.	11½%
Norwich Gen. Trust	11½%
People's Trust	12½%
PK Finans. Intl. (UK)	12 %
Provincial Trust Ltd.	12½%
R. Raphael & Sons	11½%
Roxburghe Guarantee	12 %
Royal Bank of Scotland	11½%
Royal Trust Co. Canada	11½%
■ J. Henry Schroder Wagg	11½%
Standard Chartered	‖11½%
TCB	11½%
Trustee Savings Bank	11½%
United Bank of Kuwait	11½%
United Mizrahi Bank	11½%
Westpac Banking Corp.	11½%
Whiteaway Laidlaw	12 %
Williams & Glyn's	11½%
Yorkshire Bank	11½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1 month 8.50%. Top Tier—£2,500+ at 3 monthly notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
‖ 21-day deposits over £1,000 8.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 8%.

The Directors of the Fund, whose names appear in "Management and Administration", are the persons responsible for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly. Application has been made to the Council of The Stock Exchange for the Shares of the Fund available to be allotted to be admitted to the Official List. Copies of this Prospectus and of the documents specified herein have been delivered for registration to the Registrar of Companies in England.

Govett High Income Gilt Fund Limited

A company registered with limited liability in Guernsey on 22nd August, 1985 under the provisions of the Companies (Guernsey) Laws, 1908 to 1973 and having an authorised share capital of £1,000,100.

Managed by

John Govett Management (Guernsey) Limited

Initial offer for subscription

of up to 100,000,000 Participating Redeemable Preference Shares of 1p each ("Shares") at 50p per Share payable in full on application.

Management and Administration

Directors

Mark Ralph Cornwall-Jones (Chairman),
Winchester House, 77 London Wall,
London EC2N 1DH.
Investment Manager,
Deputy Chairman of John Govett & Co. Limited.

Dwight William Makins,
Winchester House, 77 London Wall,
London EC2N 1DH.
Investment Manager,
Director of John Govett & Co. Limited and
John Govett Management (Guernsey) Limited

Mel Tristan Maubec,
Hirzel House, St. Peter Port,
Guernsey, Channel Islands.
Stockbroker,
Director of Trevor Matthews & Carey Limited.

Geoffrey Robert Rowland,
Manor Place, St. Peter Port,
Guernsey, Channel Islands.
Advocate of the Royal Court of Guernsey,
Senior Partner of Collas, Day & Rowland and
Director of The Bank of Bermuda (Guernsey)
Limited

Frederick Mildon Thompson,
Normandy House, Grenville Street,
St. Helier, Jersey, Channel Islands.
Chartered Secretary,
Director of Samares Investments Limited.

Registered Office
Bermuda House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands.

Manager, Secretary and Registrar
John Govett Management (Guernsey) Limited,
Bermuda House, St. Julian's Avenue,
St. Peter Port, Guernsey, Channel Islands.
Telephone: Guernsey (0481) 26268
Telex: 4191186

Investment Adviser
John Govett & Co. Limited, Winchester House, 77 London Wall, London EC2N 1DH.

Custodian and Bankers
The Bank of Bermuda (Guernsey) Limited,
P.O. Box 208, Bermuda House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands.

Auditors
Robson Rhodes,
Chartered Accountants,
P.O. Box 124, Langtry House, La Motte Street,
St. Helier, Jersey, Channel Islands.

Stockbrokers
Hoare Govett Limited,
Heron House, 319–325 High Holborn, London WC1V 7PB.

Legal Advisers
In Guernsey:
Collas, Day & Rowland,
Manor Place, St. Peter Port, Guernsey, Channel Islands.
In England:
Linklaters & Paines,
Barrington House,
59–67 Gresham Street, London EC2V 7JA.

Principal Features

The following information is a summary of the principal features of the Fund and should be read in conjunction with the full text of this Prospectus.

Structure — The Fund is an open-ended investment company registered and managed in Guernsey. Application has been made to the Council of The Stock Exchange, London, for the Fund's Shares to be admitted to the Official List.

The Fund can issue and redeem its Shares and therefore operates on similar principles to a mutual fund or unit trust. It is intended to publish prices daily in the Offshore & Overseas Shares section of the London *Financial Times* and they will also be available from the Manager. Shares will normally be available for issue and redemption daily.

Offshore Status — The Fund is resident for tax purposes in Guernsey and should not, under normal circumstances, incur United Kingdom taxation on its income or capital gains.

There are no death duties or capital gains, gift, inheritance or capital transfer taxes levied in Guernsey.

Investment Objectives — The aim of the Fund is to provide shareholders with a high income free of any tax deducted at source. It is intended that the portfolio will comprise principally British Government securities on which interest will normally be paid gross to the Fund, whilst maintaining the freedom to include other similar investment opportunities.

Dividend Policy — It is intended to distribute substantially all the Fund's income after expenses. It is also intended to conduct the Fund's affairs so that it will not become resident in the United Kingdom. If the Fund is not resident in the United Kingdom, it should normally be able to receive interest gross, without deduction of United Kingdom tax, on British Government Securities issued under Section 99 of the Income and Corporation Taxes Act 1970.

Application will be made to the Board of Inland Revenue for "distributor status".

Dividends will be paid quarterly, without deduction of tax, to shareholders on 31st March, 30th June, 30th September and 31st December, commencing 31st March, 1986.

Investment Advisers — John Govett & Co. Limited has been appointed Investment Adviser. The John Govett group has over 60 years' experience as independent investment managers and advisers to investment trusts, unit trusts, pension funds and private clients with total assets under management or advice currently exceeding £1 billion in value.

Custodian and Bankers — The Bank of Bermuda (Guernsey) Limited, has been appointed by the Fund as Custodian of its investments and uninvested cash. The Bank of Bermuda group specialises in the administration of offshore mutual funds through its network of offices in Bermuda, Hong Kong and Guernsey.

Details of the Fund

Govett High Income Gilt Fund Limited was registered in Guernsey on 22nd August, 1985 under the provisions of the Companies (Guernsey) Laws 1908 to 1973. It is an open-ended investment company, issuing and redeeming its Shares at prices based on the underlying value of the Fund's net assets.

The initial subscription lists will open at 10 a.m. in Guernsey on 30th August, 1985 and will close at 3.30 p.m. on 20th September, 1985. During the initial offer Shares will be offered at 50p per Share. The minimum amount which may be invested is £1,000. Acceptance of applications will be conditional upon not less than £700,000 being raised by this initial offer.

Application may be made either by telephone, telex or on the application form enclosed with this Prospectus. Details of the application and payment procedure are set out in "Application Procedure". After the initial offer, Shares will normally be available for issue and redemption on any business day in Guernsey ("Dealing Day") at the relevant prices then ruling.

The Manager may pay commission to stockbrokers, banks, solicitors, accountants, licensed dealers in securities and other recognised agents.

Investment Objectives

The Fund is designed to provide investors with a professionally managed portfolio comprising principally British Government securities on which interest will normally be paid gross to the Fund. When appropriate, part of the portfolio may consist of cash. The principal aim of this investment policy will be to achieve a high rate of income return to the Fund which will be distributed to shareholders by way of a quarterly dividend, paid without deduction of tax.

Shareholders should recognise that whilst the Fund will aim to provide a high immediate return, part of this may be at the expense of capital. The Fund will seek to maintain capital values over the longer term.

While the Fund will invest the major proportion of its assets in British Government securities of the special category which pay interest free of United Kingdom income tax to non residents, the number of these specialised stocks is limited. The Fund may therefore also invest in a similar type of sterling-denominated security issued by sovereign states other than the UK or securities issued by sovereign guaranteed borrowers and supranational stocks (all known as "Bulldog Stocks"). No such investments will be made in Bulldog Stocks unless the issuer or guarantor of the security qualifies for an "AAA" rating by Moody's or Standard & Poor's Rating Services or is deemed by the Manager to be of similar standing. This rating is the highest classification awarded and it is the rating given to all British Government Securities. The Fund may in addition invest in similar securities denominated in a currency other than sterling. It is considered that the ability to invest in such stocks and securities widens the Fund's investment powers without weakening the basic security of the underlying holdings.

The Fund also has the facility to invest from time to time in Gilt futures contracts and Gilt options. The use of futures contracts and options can enhance the capital performance of the Fund without increasing the risk of exposure. They can also be used in a protective capacity with a resultant benefit to the Fund and its investors. Any use of these powers will be undertaken with prudence.

Dividend Policy

The Directors intend to distribute to shareholders each year by way of quarterly dividends substantially all the Fund's income after expenses.

Dividends will be paid to shareholders in sterling on 31st March, 30th June, 30th September and 31st December in each year.

The first dividend will be paid on 31st March, 1986.

Reinvestment of Dividends

Dividends may be automatically reinvested, at the request of a shareholder, in further Shares. Such Shares will be issued on the next Dealing Day after the date on which the relevant dividend is paid at a price calculated in the same manner as for other issues of Shares on that date and discounted by 3 per cent., at the expense of the Manager. Applicants wishing to use this facility should complete the appropriate part of the application form.

United Kingdom taxpayers will be assessable to income tax or corporation tax (as the case may be) on the amount of the dividend reinvested by or for them in further Shares.

Investment Restrictions

It is intended that the Fund should conform with any requirements for obtaining certification that the Fund is a "distributor" fund for the purposes of the offshore and overseas funds legislation (see "Taxation").

Investment Management

The Directors of the Fund are responsible for the overall investment policy. Details of the Directors are given in "Management and Administration".

Manager, Registrar and Secretary

The Fund has appointed John Govett Management (Guernsey) Limited as Manager with responsibility for the selection of investments and the day to day management of the Fund, subject to the overall policy and supervision of the Directors of the Fund, to undertake the Fund's administration and to act as Registrar and Secretary. Particulars of the management agreement are set out in section 22 of "General Information". The Manager was registered in and under the laws of Guernsey on 15th August, 1985 and has an authorised capital of £10,000 paid up as to £1,000. The Manager will receive from the Fund a management fee payable monthly, details of which are given in "Charges and Expenses" below.

The distribution of this Prospectus and the offering of Shares may be restricted in certain jurisdictions; persons into whose possession this Prospectus comes are required by Govett High Income Gilt Fund Limited (the "Fund") and John Govett Management (Guernsey) Limited (the "Manager") to inform themselves of, and to observe, any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised nor to any person to whom it is unlawful to make such offer or solicitation.

No person has been authorised to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offering of Shares and, if given or made, such information or representations must not be relied on as having been authorised by the Fund or the Manager. Neither the delivery of this Prospectus nor the allotment or issue of Shares shall, under any circumstances, create any implication that there has been no change in the affairs of the Fund since the date hereof.

The consent of the Advisory and Finance Committee of the States of Guernsey under The Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959 to 1976 has been obtained for the issue of up to 100,000,000 Unclassified Shares of 1p each either as Nominal Shares or as Shares in the Fund. It must be distinctly understood that in giving this consent the Committee takes no responsibility for the financial soundness of any schemes or for the correctness of any of the statements made or opinions expressed with regard to them.

Shares may be purchased by residents of Jersey but may not be acquired or held beneficially by any person resident for tax purposes in Guernsey, Alderney or Herm.

The Shares have not been registered under the United States Securities Act of 1933 and, except in a transaction which does not violate the United States securities laws, may not be directly or indirectly offered or sold in the United States of America ("USA") (including its territories, possessions and areas subject to its jurisdiction) or to or for the benefit of a United States person. For this purpose, United States person includes a national or resident of the USA, a partnership organised or existing in any state, territory or possession of the USA, a corporation organised under the laws of the USA or of any state, territory or possession thereof, or any estate or trust, other than an estate or trust the income of which from sources outside the USA (which is not effectively connected with the conduct of a trade or business within the USA) is not included in gross income for the purposes of computing United States federal income tax. The attention of United States persons is drawn to the paragraph headed "Restrictions on Holdings and Compulsory Redemption" in "General Information" and the compulsory redemption powers of the Company mentioned therein.

This Prospectus does not constitute an offer of Shares for subscription after 3.30 p.m. on 20th September, 1985.

Copies of this Prospectus, subsequent Prospectuses and application forms may be obtained from:—
John Govett Management (Guernsey) Limited,
P.O. Box 208, Bermuda House, St. Julian's Avenue, St. Peter Port,
Guernsey, Channel Islands.
Telephone: Guernsey (0481) 26268. Telex: 4191186.
or
John Govett & Co. Limited,
Winchester House, 77 London Wall, London EC2N 1DH.
Telephone: 01-588 5620. Telex: 884266.

The Manager has delegated its functions and powers as Manager, Registrar and Secretary (subject to certain exceptions) to The Bank of Bermuda (Guernsey) Limited, ultimately a wholly-owned subsidiary of The Bank of Bermuda Limited under an agreement, particulars of which are set out in section 22 of "General Information". Details of the fees payable under this agreement are set out in "Charges and Expenses" below.

An associated company of The Bank of Bermuda (Guernsey) Limited provides administrative and accounting services to the Manager at the expense of the Manager.

Investment Adviser

John Govett & Co. Limited has been appointed Investment Adviser under an investment advisory agreement dated 28th August, 1985, particulars of which are set out in section 22 of "General Information". The fees receivable by the Investment Adviser are also detailed in "Charges and Expenses".

John Govett & Co. Limited is an independent, City of London-based investment management company which was incorporated in 1955 to provide a corporate structure for an investment management group which has now been in existence for over 60 years. It is involved solely in investment management and advice and its independence from any banks, stockbrokers or other outside parties avoids possible conflicts of interest. The John Govett group currently manages or advises four London listed investment trust companies, two offshore London listed closed-end investment companies, eleven UK authorised unit trusts, a number of pension and charity funds and private individual accounts. Funds under its management or advice currently exceed £1 billion in value.

Custodian and Bankers

The Bank of Bermuda (Guernsey) Limited has been appointed by the Fund as Custodian of its assets under a custodian agreement, particulars of which are set out in section 22 of "General Information". The fees receivable by the Custodian for the services it renders are detailed in "Charges and Expenses" given below, and are paid by the Fund.

The Bank of Bermuda (Guernsey) Limited is a limited liability company registered in Guernsey on 13th March, 1973. It has an issued and paid up share capital of £1 million and as at 30th June, 1985 its capital and reserves amounted to approximately £5.25 million.

The Fund has also appointed The Bank of Bermuda (Guernsey) Limited as its bankers on the latter's normal banking terms for customers (as regards bank charges, interest and other matters). As bankers to the Fund, The Bank of Bermuda (Guernsey) Limited will be responsible for implementing banking and financial transactions for the account of the Fund.

Taxation

Prospective investors should ascertain from their professional advisers the consequences to them of acquiring, holding, redeeming or disposing of Shares under the relevant laws of the jurisdictions to which they are subject, including the tax consequences and any exchange control requirements.

The Fund is resident for tax purposes in Guernsey and has been granted tax exempt status pursuant to The Income Tax (Exempted Companies and Trusts) (Guernsey) Ordinance, 1984 in consequence of which it is subject to an annual fee, at present of £1,800.

The Directors intend to conduct the affairs of the Fund so that it will not become resident in the United Kingdom and should not, under normal circumstances, incur United Kingdom taxation on its income or capital gains.

A brief summary intended to offer some guidance to persons subject to UK taxation, which should not be regarded as definitive nor as replacing the desirability of taking separate professional advice, is given in section 1 of "General Information". It does not apply to dealers in securities.

Issue and Redemption of Shares

Issue of Shares

Application for Shares may be made in the following manner:—

(a) On the attached application form, or in writing

(b) By telex

(c) By telephone.

The minimum initial investment is £1,000 and payment may be made by cheque in any freely negotiable currency or by telegraphic transfer in sterling.

During the initial offer Shares will be offered at 50p per Share. The subscription lists will open at 10 a.m. on 30th August, 1985 and will close at 3.30 p.m. on 20th September, 1985. It is anticipated that allotments of Shares will be made shortly thereafter.

Following the initial offer Shares may be issued daily on any Dealing Day in Guernsey at the price then ruling.

Details of the methods of application are set out in "Application Procedure" below.

Redemption of Shares

Shares may be redeemed on any Dealing Day at the price then ruling by giving notice in writing, by telex or by telephone (provided that the balance of any registered holding would not thereby be less than £1,000 in value). Details of redemption procedures are set out in section 9 of "General Information" below.

Further information on pricing and the valuation of the Fund's assets is contained in section 8 of "General Information".

Nominee facilities

In order to facilitate registration of Shares and redemption procedures, a nominee facility is offered by The Bank of Bermuda (Guernsey) Limited, through its wholly-owned subsidiary Banco Nominees (Guernsey) Limited. Applicants wishing to obtain details of the facility should write to the Manager, care of The Bank of Bermuda (Guernsey) Limited, PO Box 208, Bermuda House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands or tick the box on the application form accordingly.

Publication of Prices

Prices applicable to subscription and redemption will be available each day from the Manager in Guernsey and will normally be published daily in the London Financial Times (in the Offshore and Overseas Fund Section) and in such other newspapers as the Directors may from time to time determine.

Temporary Suspension of Calculation of Prices

In certain circumstances, the calculation of the subscription price and redemption price and the issue and redemption of Shares may be suspended. Details of such circumstances are given in section 10 of "General Information".

Charges and Expenses

On issues of Shares after the initial offer, the Manager will be entitled to receive an initial charge equal to 5 per cent. of the subscription price for such Shares plus a rounding adjustment equal to the lesser of 1p or 1 per cent. of the aggregate of the subscription price and initial charge. The Manager may differentiate between applicants as to the amount of the initial charge and rounding adjustment. On issues of Shares pursuant to the initial offer the Manager will be entitled to receive the initial charge.

The Manager will also be entitled to receive from the Fund for its services to the Fund a monthly fee payable in advance equivalent to ¾ per cent. per annum of the value of the net assets of the Fund (as computed for calculating subscription prices). The Manager's out of pocket expenses incurred in relation to its services to the Fund will be borne by the Fund. Out of its fee the Manager will pay the fees of the Investment Adviser, whose out of pocket expenses incurred in relation to its services will also be borne by the Fund.

The Fund will pay to The Bank of Bermuda (Guernsey) Limited for the provision of registration services a fee which will be based on the level of activity. The remaining fees payable to The Bank of Bermuda (Guernsey) Limited under the agreement referred to in "Investment Management" will be borne by the Manager.

The Custodian will be entitled to receive from the Fund a monthly fee payable in arrear equivalent to 0.1 per cent. per annum of the value of the net assets of the Fund (as computed for calculating subscription prices) up to £10 million and 0.075 per cent. per annum of the value of such net assets in excess of £10 million. In addition, the Custodian will be entitled to receive a transaction charge at the rate of 0.25 per cent. of the value of each purchase or sale of assets, subject to a maximum charge, in each case, of £75. The Custodian will be responsible for all its other expenses.

The fees payable to the Manager and the Custodian will be subject to review six months after the first allotment of Shares or at any time thereafter.

The Fund will be responsible for all its own expenses, including the preliminary expenses referred to in section 23 (i) of "General Information", legal and audit fees, the fees and expenses of its Directors, filing fees and bank charges. The fees of the Manager, the Custodian and the Investment Adviser incurred in connection with the preparation of their relative agreements (and any agreements amending the same) will be borne by the Fund.

Report and Accounts

The Fund's financial year will end on 30th April. Annual audited accounts and interim reports of the Fund will be sent to shareholders normally in June and December in each year respectively, commencing in June 1986.

Meetings

The Annual General Meeting of shareholders of the Fund will be held in Guernsey. Notice convening the Annual General Meeting will be forwarded to shareholders, together with the Annual Report and Accounts of the Fund.

General Information

(Expressions used below have the meanings ascribed to them in the Articles of Association of the Fund, except where the context otherwise requires)

1. Taxation

The following brief summary is intended to offer some guidance to persons (other than dealers in securities) subject to UK taxation, but should not be regarded as definitive nor as replacing the desirability of taking separate professional advice.

The Fund is an "offshore fund" and if it does not distribute at least 85 per cent. of its income and does not remain within the investment limitations laid down in the Finance Act 1984, United Kingdom tax payers will be subject to tax on gains arising on disposals at rates applicable to income. The Directors intend that the Fund should satisfy these requirements and in consequence qualify as a "distributor fund" for the purposes of the legislation.

As the Fund intends to operate equalisation (see Section 5 of "General Information") and provided that "distributor" status is obtained, when an investor disposes of Shares, the amount of the proceeds equivalent to the income accrued since the last distribution date (or since acquisition, if later) will be subject to tax as income, but the balance of the gain arising on disposal will be taxable as a capital gain and eligible for indexation relief.

The Finance Act 1984 contains further provisions which may subject certain United Kingdom resident companies to corporation tax on the profits of companies not so resident in which they have an interest. The provisions will affect United Kingdom resident companies which are deemed to be interested in at least 10 per cent. of the profits of a non-resident company which is controlled by United Kingdom residents and which does not implement full distribution policies. The provisions will not apply if the non-resident company implements a full distribution policy and in view of the proposed level of distributions for the Fund, it is not anticipated that these provisions should affect United Kingdom resident companies materially.

United Kingdom resident and domiciled taxpayers (and UK resident taxpayers who although not domiciled in the UK, remit their dividends to the UK) will be required to include their dividends (but not equalisation) as part of their income subject to tax even though the amounts concerned are utilised to acquire further Shares.

The attention of individuals ordinarily resident in the United Kingdom is drawn to the provisions of Section 478 of the Income and Corporation Taxes Act 1970 (the "Act") and to Section 45 of the Finance Act 1981 which may render them liable to taxation in respect of any undistributed income and profits of the Fund. Should the Inland Revenue of the United Kingdom apply their powers under these Sections in respect of investment in the Fund by a person ordinarily resident in the United Kingdom, the Inland Revenue would also be entitled to deny (to the same extent) to the Fund its right to obtain interest payments gross, without deduction of United Kingdom tax, on British Government Securities issued under Section 99 of the Act.

Clearance has been obtained from the Board of Inland Revenue under Section 464 of the Act that the provisions of Section 460 of the Act (cancellation of tax advantages from certain transactions in securities) will not apply to the issue, redemption or transfer of Shares.

2. Corporate Structure

The Fund was registered with limited liability in Guernsey on 22nd August, 1985 under the provisions of the Companies (Guernsey) Laws, 1908 to 1973 ("the Laws"). The constitution of the Fund is defined in its Memorandum and Articles of Association. The Fund's Memorandum of Association provides that the Fund's principal objects are to carry on business as an investment holding company and to acquire, invest in and hold securities of all kinds or rights or interests to or in any such securities. The objects of the Fund are set out in Clause 3 of its Memorandum of Association which is available for inspection at the addresses mentioned below. The Articles of Association may be altered by means of a Special Resolution of the Fund passed in accordance with the Laws: namely by a resolution duly proposed and passed as a Special Resolution by not less than three-quarters of the votes recorded at a General Meeting of the Fund and duly confirmed by a simple majority of the votes recorded at a second General Meeting held not less than fifteen nor more than thirty days after the first General Meeting. To be valid, a copy of the Special Resolution under the seal of the Fund has to be sent to H. M. Greffier for registration.

The Fund has an authorised share capital of £1,000,100 divided into 100 Deferred Shares of £1 each, which have been subscribed for in full in cash at par by or on behalf of the

Govett High Income Fund Limited

Continued

Manager, and 100,000,000 further shares of 1p each (pending allotment called Unclassified Shares) available for allotment as Participating Redeemable Preference Shares or as Nominal Shares. The Articles of Association provide that the Fund may (i) by Ordinary Resolution, increase its share capital, consolidate and divide all or any of its shares into shares of a smaller amount and cancel any shares not taken or agreed to be taken by any person at the date of the Ordinary Resolution and (ii), subject to the provisions of the Laws, by Special Resolution reduce its share capital.

3. Classes of Shares

The various classes of shares, and the rights attaching thereto may be summarised as follows:—

Participating Redeemable Preference Shares

Holders of Shares are entitled to receive notice of General Meetings and to attend and vote thereat. On a poll, a holder is entitled to one vote for each Share held. The redemption rights attached to Shares are described in "Issue and Redemption of Shares" above and section 8, 9 and 12 below. Fractions of Shares will be issued where any subscription moneys are not an exact multiple of the price payable on subscription. Any excess subscription moneys may be retained for the Fund's benefit at the Manager's option. Any holding of Shares must be a multiple of one-thousandth part of a Share. A fraction of a Share will rank *pari passu* and proportionately with a whole Share.

Deferred Shares

The Deferred Shares exist solely to comply with the Laws, which require that the Shares have a preference over another class of capital. The holders of the Deferred Shares are entitled to receive notice of General Meetings and to attend and vote thereat. On a poll, a holder of Deferred Shares is entitled to one vote for each such share held by him. Deferred Shares are not redeemable.

Unclassified Shares

These may be issued as Participating Redeemable Preference Shares or as Nominal Shares.

Nominal Shares

Nominal Shares can only be issued at par and for the purpose of providing funds for the redemption of Shares. Where fractions of Shares are redeemed, equivalent fractions of Nominal Shares will be issued (provided that any holding of Nominal Shares is a multiple of one-thousandth part of a Nominal Share). A fraction of a Nominal Share will rank *pari passu* and proportionately with a whole Nominal Share. *Nominal Shares are redeemable at par. Nominal Shares may be converted into Shares* at a price per share equal to the appropriate subscription price for the Shares concerned (including any Equalisation Payment as described below) less an amount equivalent to the nominal value of such Shares. Holders of Nominal Shares are entitled to receive notice of General Meetings and to attend and vote thereat. On a poll, a holder of Nominal Shares is entitled to one vote in respect of all the Nominal Shares held by him, irrespective of the number of Nominal Shares held by him. All Nominal Shares will be issued to the Manager.

4. Dividends

No dividend is payable to the holders of the Deferred Shares or the Nominal Shares. Dividends may be payable on the Shares as described in "Dividend Policy" above. Any dividend payable in respect of a share unclaimed after a period of twelve years from the date of declaration of such dividend will be forfeited and will revert to the Fund. All unclaimed dividends may be used for the Fund's benefit. No dividend will bear interest against the Fund.

Dividends will only be paid to the extent that they are covered by income received from the Fund's underlying investments.

5. Equalisation Account

The Fund will maintain an Equalisation Account to ensure that the dividend payable on all Shares can be of the same amount notwithstanding different dates of issue of Shares. The subscription price per Share may include an Equalisation Payment for such purpose which will be repaid to shareholders with, *inter alia*, the first dividend after the issue of the relevant Shares.

6. Variation of Class Rights

Subject to the provisions of the Laws, all or any of the special rights for the time being attached to any class of shares for the time being issued may (unless otherwise provided by the terms of issue of the shares of that class) from time to time (whether or not the Fund is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a resolution passed by a majority of three-fourths of the votes cast at a separate General Meeting of the holders of such shares. To any such separate General Meeting, all the provisions of the Articles of Association as to General Meetings of the Fund shall *mutatis mutandis* apply, and every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him and any holder of shares of the class present in person or by proxy may demand a poll.

The rights attached to the Shares shall be deemed to be varied by the creation or issue of any shares (other than Shares) ranking *pari passu* with or in priority to them as respects participation in the profits or assets of the Fund.

Subject to the preceding paragraph, the special rights attached to any class of shares having preferential rights shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by:—

(a) the creation, allotment or issue of further shares ranking *pari passu* therewith; or

(b) the creation, allotment or issue of Deferred Shares; or

(c) the creation of Unclassified Shares; or

(d) the allotment, issue or redemption of Shares; or

(e) the allotment, issue or redemption of Nominal Shares; or

(f) the conversion of Nominal Shares into Shares as provided for in the Articles of Association; or

(g) the exercise, if the Fund is wound up, by the liquidator of his powers, as provided for in the Articles of Association.

No material issue of Shares (other than issues of Shares pursuant to this Prospectus or to any subsequent Prospectus of the Fund or to shareholders pro rata to their existing holdings) will be made within one year from the date hereof without the prior approval of the Fund in General Meeting.

7. Rights on a Winding-up

If the Fund is wound up, the assets available for distribution among the Members will be applied in the following priority:—

(a) in repaying the nominal amount paid up on, firstly, the Shares, secondly, the Nominal Shares and, thirdly, the Deferred Shares;

(b) in the payment to the holders of Shares of any surplus assets of the Fund then remaining *pari passu* amongst such holders.

If the Fund is to be, or is being, wound up voluntarily and all or part of its business or property is proposed to be transferred or sold to another entity (wherever established), the liquidator may, with the authority of an Extraordinary Resolution, arrange for the distribution among all or any class of the Members (in proportion to their respective interests) of securities or other interests in such entity in compensation or part compensation for such transfer or sale. No Members shall be compelled to accept securities or other interests on which there is a liability to make further payments and any such arrangement made by the liquidator will be deemed not to be an alteration or abrogation of the special rights attached to any class of shares.

8. Share Prices and Terms following the Initial Offer

Shares may be allotted on any Dealing Day at a price per Share determined by the Manager and ruling on the relevant Dealing Day. The subscription price is calculated by assessing the value of the Net Assets of the Fund for this purpose as at the Valuation Point (normally 2 p.m. on the immediately preceding Business Day), by adding thereto an appropriate sum for Duties and Charges which would be incurred on the assumption that all the Fund's Investments are to be acquired, by deducting therefrom the paid-up capital on the Deferred Shares and the Nominal Shares, and by dividing the resultant amount by the number of Shares in issue or deemed to be in issue. An initial charge (payable to the Manager, as set out above in the section headed "Charges and Expenses") is then added thereto and, after including any Equalisation Payment payable, the resultant amount is then rounded up by not more than the lesser of 1 per cent. or 1p.

Shares may be redeemed on any Dealing Day at a price per Share determined by the *Manager, and ruling on the relevant Dealing Day. The redemption price is the aggregate of* the nominal value of a Share and a sum calculated by ascertaining the value of the Net Assets as at the Valuation Point (normally 2 p.m. on the immediately preceding Business Day), by deducting therefrom the paid-up capital on the Deferred Shares and the Nominal Shares and such sum as the Manager may consider represents the appropriate amount for Duties and Charges in relation to the realisation of all the Fund's Investments on the assumption that such Investments are to be realised at that Valuation Point, and by dividing the resultant amount by the number of Shares in issue or deemed to be in issue. From this amount, the amount of any Equalisation Payment payable and the nominal value of a Share are respectively deducted and, after then including any Equalisation Payment payable, the resultant amount is rounded downwards by the lesser of 1 per cent. or 1p. Any such rounding adjustments on subscription and redemption accrue to the Manager.

The Directors shall have power (by altering the Valuation Point) to carry out a special valuation for the purpose of recalculating the subscription and redemption prices whenever they think it desirable in the interests of fairness among shareholders and this power shall remain available even though the Directors may previously have published prices based on the ordinary valuation in respect of the day in question.

If, in order to meet redemptions, it is necessary to realise Investments prematurely, any penalties or losses incurred may be reflected in the redemption price of the Shares concerned.

The Net Assets of the Fund are valued on a market value basis, normally using offered prices for calculating the subscription price and bid prices for calculating the redemption price. However, the Manager in its discretion reserves the right to value any Investment on a different basis should this be considered better to reflect the fair value of such Investment. In calculating the value of the assets and the amount of the liabilities of the Fund income is treated on a receivable basis and expenditure treated on an accruals basis. The full valuation provisions are contained in the Fund's Articles of Association which are available for public inspection and copies of which are available on request.

Article 34 of the Fund's Articles of Association provides *inter alia*, that:—

(a) If any Investment is realised or contracted to be realised at a known value the net proceeds of such realisation shall be taken into account in lieu of any other method of determining the value of the Investment concerned.

(b) If and whenever the quoted price of an Investment is a single price, such price shall be taken as being the lowest available market dealing offered price or the highest available market dealing bid price as the *case may* be.

(c) Any value (whether of an Investment or cash or of any liability) otherwise than in Sterling shall be converted into Sterling at the rate (whether official or otherwise) which the Directors shall deem appropriate in the circumstances having regard *inter alia* to any premium or discount which may be relevant and to any costs of exchange.

On any Dealing Day, the Manager may, in its capacity as Manager of the Fund and at its sole discretion, satisfy in whole or in part any application for the issue or redemption of Shares by selling such Shares to, or purchasing such Shares from, the applicant or shareholder.

Applications for *Shares received after 3.30 p.m. on* any Dealing Day will normally be dealt with on the next Dealing Day.

9. Redemption Procedures

Shares may be redeemed on any Dealing Day in any one of the following ways provided that the request to redeem has been received by the Manager in Guernsey by 3.30 p.m. on that Dealing Day:—

(a) In writing. Simply return to the Manager in Guernsey the certificate(s) with the Redemption Request endorsed on the reverse duly completed. The Shares will be redeemed at the price ruling at the time of receipt of the certificate(s).

(b) By telex. The Shares will be redeemed at the price ruling at the time of receipt of the telex. Shareholders must quote the registered name and address, account number, the certificate number(s) and the number of Shares, or value of Shares to be redeemed.

The certificate(s) should be sent to the Manager in Guernsey immediately, with the Redemption Request endorsed thereon duly completed and with a note that the Shares have already been sold by telex.

(c) By telephone. *The Shares will be redeemed at the price ruling at the time of receipt* of the telephone call. Shareholders must quote the registered name and address, the account number, the certificate number(s) and the number of Shares, or value of Shares, to be redeemed.

The certificate(s) should be sent to the Manager in Guernsey immediately, with the Redemption Request endorsed thereon duly completed and with a note that the Shares have already been sold by telephone.

Where a shareholder has taken advantage of the nominee facilities made available through *the Manager*, the formalities may be effected by the Manager on behalf of the shareholder upon written or, by prior arrangement, telephoned or telexed instructions from the shareholder.

In each case a contract note confirming the redemption and the price will be issued immediately. Redemption proceeds will only be released on receipt of the relative certificate(s) with the Redemption Request duly completed. The redemption proceeds will be sent in sterling at the shareholder's risk, within 7 working days of receiving the endorsed certificate(s) save where nominee facilities have been used, in which event the redemption proceeds will be sent within 7 days of the contract date. Any other method of payment may be made at *the shareholder's* request and cost. Share certificates despatched to the Manager in Guernsey for the purpose of redemption will be at the risk of the shareholders.

10. Temporary Suspension of Dealings

The Manager may declare a suspension of the valuation of the Net Assets during the whole or part of any period during which:—

(a) by reason of the closure, or suspension, of trading on any stock exchange or other market or for any other reason, circumstances exist as a result of which, in the opinion *of the Manager*, it is not reasonably practicable for the Fund to realise or dispose of Investments or fairly to determine the value of the *Net Assets*; or

(b) a breakdown occurs in any of the means normally employed by the Manager in ascertaining the value of Investments or when, for any other reason, the value of the Investments cannot reasonably be ascertained.

No Shares will be allotted or redeemed during any period when the valuation of the Net Assets is suspended. If on any Dealing Day on which the redemption of Shares is due to take place, the determination of the value of the Net Assets is suspended, the right of the shareholder to have such Shares redeemed will be similarly suspended and during the period of suspension he may withdraw his request for redemption by notifying the Fund or the Manager in writing before the end of the suspension. Unless withdrawn, requests for redemption will be effected on the first Dealing Day following the end of the suspension. Requests for redemption are otherwise irrevocable.

11. Transfers of Shares

The Shares will be in registered form. The transfer of any Shares must be effected in writing in any usual or common form, be signed by the transferor and (in the case of partly paid Shares) by the transferee, need not be under seal, but must state the full name and address (and, where required by the Directors, the nationality) of the transferor and transferee. The Fund's Articles of Association provide that the Directors may at their absolute discretion and without assigning any reason therefor decline to register any transfer of Shares (not being fully paid Shares) and may also decline to register, *inter alia*, any transfer of Shares on which the Fund has a lien, or, if the instrument of transfer (together with the relative certificate(s) and such other evidence as the Directors may reasonably require) is not left at the Fund's registered office (or at such other place as the Directors may reasonably require). The Directors may request the transferee to furnish a declaration in the form or substantially in the form set out in the Articles of Association to the effect that the Shares to be acquired will not be owned beneficially by a resident of Guernsey, Alderney or Herm (together with, if the Directors so request, evidence satisfactory to them that the transferee is a Qualified Holder, as defined in the Articles of Association) or in such other form as the Directors may request.

12. Restrictions on Holdings and Compulsory Redemption

The Fund reserves the right to require the redemption or transfer of Shares acquired or held by any person in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Shares or by any person in circumstances (whether alone or together with other persons) which, in the opinion of the Manager, might result in the Fund suffering taxation or other pecuniary disadvantage which it would not otherwise have suffered.

The Directors may on any Dealing Day compulsorily redeem any holding of Shares which is below any applicable minimum holding set pursuant to the Articles of Association (but such powers may not be exercised where any holding has fallen below the minimum holding then applicable thereto solely as a result of a decision to increase the relevant minimum holding).

13. Life of the Fund

All Shares not previously redeemed will be redeemed on the first Dealing Day in 2085 at the price ruling on such Dealing Day.

14. Minimum Valuation

If at any time the value of the Net Assets (calculated as though for the purpose of computing subscription prices) on any Dealing Day is less than £2,000,000, the Fund may by four weeks' notice to all holders of Shares given within eight weeks thereafter, redeem on the Dealing Day nominated in the notice, all (but not some) of the Shares not previously redeemed at the price ruling on such Dealing Day.

15. Report of the Auditors of the Fund

P.O. Box 124
Langtry House,
La Motte Street,
St. Helier, Jersey,
Channel Islands.

30th August, 1985

The Directors
Govett High Income Gilt Fund Limited

Dear Sirs,

Govett High Income Gilt Fund Limited was registered under the laws of Guernsey on 22nd August, 1985. As at the date of this report, it has not traded and no accounts have been prepared and no dividends paid.

Yours faithfully,

Robson Rhodes
Chartered Accountants

16. Borrowings

As at the date of this Prospectus, the Fund does not have any loan capital outstanding or *created but unissued, term loans (whether guaranteed, unguaranteed, secured or unsecured)*, borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, mortgages, charges or guarantees or other material contingent liabilities.

Under the Articles of Association of the Fund, the Directors may exercise the Fund's power to borrow and to charge its assets, but they are required to restrict the borrowing of the Fund and to exercise all voting and other rights or powers of control exercisable by the Fund in relation to its subsidiary companies (if any) so as to secure (as regards subsidiary companies so far as by such exercise they can secure) that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Group (which expression means and includes the Fund and its subsidiaries for the time being) inclusive of any fixed or minimum premium payable on final repayment but exclusive of intra-Group borrowing shall not, except with the consent of the Fund in General Meeting, exceed an amount equal to the amount of the Share Capital and Consolidated Reserves (as defined in the Articles of Association).

Under normal circumstances, these powers will not be exercised and in any event it is not presently intended to make use of them except on a short term basis such as to avoid the need to realise Investments prematurely to meet redemptions.

17. Directors

There are no existing or proposed service agreements between the Fund and any of its Directors. A Director is not required to hold any shares by way of qualification. There are no provisions requiring Directors to retire at any specified age.

18. Directors' Remuneration

The aggregate amount of Directors' fees is currently £5,000 per annum. The Articles of Association of the Fund contain provisions to the following effect:—

The Directors will be entitled to such remuneration as they may from time to time determine being not more than £1,000 per annum for each Director or such higher amount as may be approved by Ordinary Resolution of the Fund. Such remuneration will be deemed to accrue from day to day. The Directors and any alternate Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Fund or in connection with the business of the Fund. The Directors may in addition to such remuneration grant special remuneration to any Director who, being called upon, shall perform any special or extra services to or at the request of the Fund.

19. Transactions with the Directors

The Articles of Association of the Fund contain provisions to the following effect:—

(i) (a) A Director may hold any other office or place of profit under the Fund or any *subsidiary thereof (other than the office of Auditor) or under any other company* in which the Fund is in any way interested in conjunction with his office of Director on such terms as the Directors may determine.

(b) No Director or intending Director shall be disqualified by his office from contracting with the Fund or from being in any way interested in any contract, arrangement or transaction in which the Fund is in any way interested, nor shall any such contract or any contract, arrangement or transaction entered into by or on behalf of the Fund in which any Director or intending Director is in any way interested be liable to be avoided nor shall any Director or intending Director so contracting or being so interested be liable to account to the Fund for any profit realised by any such contract, arrangement or transaction by reason of such Director or intending Director holding that office or of the fiduciary relationship thereby established, but the nature of his interest must be declared by him at the meeting of the Directors at which the question of entering into the contract, arrangement or transaction is first taken into consideration, or if the Director was not at the date of that meeting interested in the proposed contract, arrangement or transaction, then at the next meeting of the Directors held after he becomes so interested, and in a case where the Director becomes interested in a contract, arrangement or transaction after it is made, then at the first meeting of the Directors held after he becomes so interested.

A general notice in writing given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract which may thereafter be made with that company or firm, shall (if such Director shall give the same at a meeting of the Directors or shall take reasonable steps to secure the same is brought up and read at the next meeting of the Directors after it is given) be deemed a sufficient declaration of interest in relation to any *contract so made*.

Except as provided in the Articles of Association, a Director may not vote in respect of any contract or arrangement or other proposal in which he has a material interest (other than by virtue of his interest in securities of, or otherwise in or through, the Fund) nor may he be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. The shareholders have power by Ordinary Resolution to suspend or relax such restrictions or to ratify any transaction not duly authorised by reason of a contravention thereof.

Any Director may act by himself or through his firm in a professional capacity for the Fund or any other company in which the Fund is in anyway interested, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, but such a Director or his firm may not act as Auditor to the Fund or any subsidiary thereof.

(ii) Any Director may continue to be or become a director, managing director, manager or other officer or member of any company promoted by the Fund or in which the Fund may be interested or associated in business or otherwise, and no such Director shall be accountable for any remuneration or other benefits received by him as a director, managing director, manager or other officer or member of any such other company. The Directors may exercise the voting power conferred by the shares in any other company held or owned by the Fund or exercisable by them as directors of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of a resolution appointing themselves or any of them, directors, managing directors, managers or other officers of such company, or voting or providing for the payment of remuneration to the directors, managing directors, managers or other officers of such company).

20. Appointment of Manager and Custodian

The Articles of Association of the Fund contain provisions to the following effect:—

(i) The Directors may appoint any person, firm or corporation to act as manager of the Fund's administrative and secretarial affairs and Investments (the "Manager") and may delegate to such Manager any of their powers and duties, other than the power to make calls or forfeit shares, with such powers of delegation and such restrictions as they think fit and either collaterally with or to the exclusion of their own powers.

(ii) The terms of any agreement entered into by the Fund appointing any Manager (other than the original *agreement entered into prior to the initial issue of Shares appointing* the first Manager), and any variations made after the initial issue of Shares to any such agreement then in force (including such original agreement), shall be subject to approval by a resolution of a separate General Meeting of the holders of Shares passed by a simple majority of the votes given provided that no such approval shall be required if the terms of any new agreement do not differ materially from those in force with the former Manager on the termination of its appointment or, in the case of a variation to an existing agreement, the Directors consider that any such variation either (a) is necessary or expedient having regard to the provisions of any fiscal legislation or (b) does not *materially prejudice the interests of the holders for* the time being of Shares or any of them and does not operate to release the Manager to a material extent from any responsibility to the Fund.

(iii) The Directors may appoint a Custodian to be responsible for the safe custody of any of the Investments of the Fund and to perform such other duties upon such terms as the Directors may determine. The remuneration (if any) of any such Custodian may be payable by the Fund. The terms of appointment of any such Custodian may authorise such Custodian to appoint (with powers of sub-delegation) sub-custodians, nominees, agents or delegates at the expense of the Fund or otherwise.

21. Indemnities and Disclosure of Information

The Articles of Association contain provisions indemnifying the Directors, Secretary and other officers and servants of the Fund against any actions, costs, charges, losses, damages and expenses incurred or sustained by reason of any contract entered into or act or omission in or about the execution of their duty or supposed duty unless due to their own wilful act, neglect or default, and provided that the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Fund and have priority as between the Members over all other claims. The Articles of Association also contain provisions exempting the foregoing from liability in certain circumstances unless due to their own wilful act or default. In addition, they provide that the Manager and any Custodian shall be entitled to such indemnity from the Fund upon such terms and subject to such conditions and exceptions and with such entitlement to have recourse to the assets of the Fund with a view to meeting and discharging the cost thereof as shall be provided under the Management Agreement or any Custodian Agreement (as applicable). The Fund, the Directors, the Manager, the Secretary and any Custodian may, if lawfully required so to do, disclose information in their possession regarding the Fund or its affairs or any Member.

22. Material Contracts

The following contracts have been entered into since the registration of the Fund and prior to the date of this Prospectus and are or may be material:—

(1) Management Agreement dated 28th August, 1985 between (1) the Fund and (2) the Manager whereby the Fund appointed the Manager, subject, *inter alia*, to the overall policy and supervision of the Directors, with powers of delegation, to act as Manager of the Fund and to manage the Investments of the Fund, to carry on its general administration, to act as or supply the services of a Secretary and Registrar and to promote or procure *the promotion* of the distribution of Shares for a monthly fee payable in advance, together with reimbursement of its out of pocket expenses in relation to its services to the Fund. Details of the Manager's fees under this Agreement are given in "Charges and Expenses" above. These fees are subject to review six months after the first allotment of Shares takes place or at any time thereafter. The Agreement contains provisions permitting the Manager, in its capacity as Manager of the Fund, to make a market in the Shares without being liable to account therefor and indemnifying and exempting the Manager from liability not due to its wilful breach of duty or negligence in certain circumstances. For the purposes of carrying out *its obligations under the Agreement*, certain of the functions, duties, powers and discretions of the Directors are exercisable by the Manager. The Manager has delegated its powers, duties, discretions and functions under the Management Agreement (subject to certain exceptions) to The Bank of Bermuda (Guernsey) Limited under the Agreement referred to in paragraph (4) below. If the Management Agreement is terminated, all these functions, duties, powers and discretions would revert to the Directors. The Agreement will run for an initial period of two years from the first allotment of Shares and thereafter will be terminable, *inter alia*, on not less than six months' notice given by either party to the other to expire on or at any time after the expiry of the initial two year period.

(2) Custodian Agreement dated 28th August, 1985 between (1) the Fund, (2) The Bank of Bermuda (Guernsey) Limited (the "Custodian") and (3) the Manager whereby the Custodian was appointed as the Custodian of the Fund and its Investments. Details of the fees payable under this Agreement are given in "Charges and Expenses" above. These fees are subject to review six months after the first allotment of Shares takes place or at any time thereafter. The Agreement contains provisions indemnifying and exempting the Custodian from liability not due to its wilful breach of duty or negligence in certain circumstances. The Agreement will run for an initial period of two years from the first allotment of Shares and thereafter will be terminable, *inter alia*, on not less than six months' notice given by the Custodian to the Fund, or vice versa, to expire on or at any time after the expiry of the initial two year period.

(3) Investment Advisory Agreement dated 28th August, 1985 between (1) the Fund, (2) the Manager and (3) John Govett & Co. Limited (the "Investment Adviser") whereby the Investment Adviser has been appointed to advise the Manager as to the investment and reinvestment of the Fund's assets, including continuing advice with regard to the investments of, and investment policy for, the Fund. The Investment Adviser will receive a monthly fee payable in advance from the Manager equivalent to 0.2 per cent. per annum of the value of the Net Assets of the Fund (as computed for calculating subscription prices). The fees are subject to review six months after the first allotment of Shares or at any time thereafter. The Agreement contains provisions indemnifying and exempting the Investment Adviser from liability not due to its wilful breach of duty or negligence in certain circumstances. The Agreement will run for an initial period of two years from the first allotment of Shares and thereafter will be terminable, *inter alia*, on not less than six months' notice given by the Investment Adviser to the Manager, or vice versa, so as to expire on or at any time after the expiry of the end of the initial two year period.

(4) *Delegation Agreement dated 28th August, 1985 between (1) the Manager, (2) The* Bank of Bermuda (Guernsey) Limited (the "Delegate") and (3) the Fund whereby the Manager has delegated to the Delegate all the powers, duties, discretions and functions exercisable by the Manager under the Management Agreement referred to above, subject to the exclusion of certain matters. The fees under the Delegation Agreement are referred to in "Charges and Expenses" above. These fees are subject to review six months after the first allotment of Shares or at any time thereafter. The Agreement contains provisions whereby the Manager will indemnify the Delegate against liability not due to its wilful breach of duty or negligence in certain *circumstances. The Agreement will run for an initial period of two years from the* first allotment of Shares and thereafter will be terminable, *inter alia*, on not less than six months' notice given by the Manager to the Delegate, or vice versa, so as to expire on or at any time after the expiry of the initial two year period.

23. Miscellaneous

(a) The Fund is not engaged in any litigation or arbitration proceedings of material importance and the Directors are not aware of any litigation or arbitration proceedings of material importance pending or threatened against the Fund.

(b) The Fund has not established a place of business in Great Britain. The Fund has no subsidiaries.

(c) No shares or loan capital of the Fund have been or are agreed or are proposed to be issued as fully or partly paid up otherwise than in cash.

(d) Save as disclosed in "Details of the Fund" above, no commissions, discounts, brokerages or other special terms have been granted or are payable by the Fund in connection with the issue or sale of any capital of the Fund.

(e) No shares or loan capital of the Fund are under option or agreed conditionally or unconditionally to be put under option.

(f) There is no property purchased or acquired by the Fund or proposed to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of this issue or the purchase or acquisition of which has not been completed at the date of issue of this Prospectus.

(g) Save as disclosed herein no amount or benefit has been paid or given (or is intended to be paid or given) to any promoter.

(h) Save as disclosed in sub-paragraph (q) below and in section 22 above, no Director of the Fund has any interest, direct or indirect, in the promotion of the Fund or in any assets which have been acquired or disposed of by or leased to the Fund or are proposed to be acquired, disposed of by or leased to the Fund or in any transaction which is subsisting at the date of this Prospectus and which is unusual in its nature or conditions or significant in relation to the business of the Fund.

(i) None of the Directors of the Fund has an interest in the share capital of the Fund which would be required *to be shown in the Register maintained under the provisions of the* Companies Act 1985 of Great Britain if the Fund was subject to the provisions of that Act.

(j) Save as disclosed in section 2 above, the Directors are not aware of any person interested (directly or indirectly) in 5 per cent. or more of any class of the Fund's share capital.

(k) The provisions of Sections 82, 86 and 87 of the Companies Act 1985 of Great Britain (other than the penal provisions), so far as applicable having regard to Section 75 of that Act, shall apply to the allotment of Shares in pursuance of this Prospectus.

(l) The preliminary expenses of the Fund and the expenses of the initial issue (including the application to The Stock Exchange for listing) are estimated to amount to £115,000. They are payable by the Fund and will be amortised over 5 years.

(m) The minimum amount which, in the opinion of the Directors, must be raised in order to provide for the matters referred to in paragraph 2 of the Third Schedule to the Companies Act 1985 of Great Britain, is £700,000 (the whole of which must be raised by the initial issue) made up as follows:—

(i) purchase price of property, nil;
(ii) preliminary expenses, £115,000;
(iii) repayment of moneys borrowed for the foregoing, nil;
(iv) working capital, £585,000.

If such a sum is raised, the Directors are of the opinion that the Fund will have sufficient working capital for its present requirements.

If the amount raised by the initial offer is less than £700,000, no Shares will be issued and all application moneys will be returned by 4th October, 1985.

(n) Robson Rhodes have given and have not withdrawn their written consent to the issue of this Prospectus with their report included in the form and context in which it is included.

(o) The documents delivered for registration with copies of this Prospectus to the Registrar of Companies in England were copies of the material contracts referred to above and the consent of Robson Rhodes.

(p) It is expected that the Shares will be admitted to listing on 24th September, 1985 and that dealings will commence on that date.

(q) Advocate G. R. Rowland is a partner in Collas, Day & Rowland which will receive a fee (estimated at £5,500) in respect of its professional services in relation to the promotion and launch of the Fund.

(r) *The* Directors *intend* to follow the investment policy referred to in "Investment Objectives" above for at least three years following the grant of listing by The Stock Exchange. The Fund will not undertake legal or management control of any of its underlying investments. The realisation of any investment of the Fund which, at the Directors' valuation amounts to 50 per cent. or more of the value of the Fund's Net Assets, will be conditional on shareholders' approval.

24. Documents Available for Inspection

Copies of the following documents may be inspected during the usual business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Fund and at the offices of Linklaters & Paines, Barrington House, 59–67 Gresham Street, London EC2V 7JA up to and including 20th September, 1985—

(1) The Memorandum and Articles of Association of the Fund;
(2) The material contracts described above;
(3) The report and consent of Robson Rhodes referred to above; and
(4) The Companies (Guernsey) Laws, 1908 to 1973.

Application Procedure

In order to be allotted Shares in the initial offer, an application together with cleared funds must be received by the Manager in Guernsey not later than 3.30 p.m. on 20th September, 1985. Thereafter applications for Shares may be made on any business day in Guernsey.

Written Application

Direct written application may be made to the Fund c/o the Manager, John Govett Management (Guernsey) Limited, at P.O. Box 208, Bermuda House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands on the application form enclosed with this Prospectus.

Applications not made on an application form should:

(a) state the amount to be invested in Govett High Income Gilt Fund Limited (minimum £1,000);

(b) state how payment has been or is being made of the amount due;

(c) confirm that the Shares are not being acquired directly or indirectly by a United States person (as defined above) nor in violation of any applicable law and that such Shares will not be owned beneficially by a resident of Guernsey, Alderney or Herm;

(d) confirm that the applicant has received and retained a copy of the Prospectus and that the application is based on the terms thereof and subject to the provisions of the Memorandum and Articles of Association of the Fund;

(e) state the name and address in which the Shares are to be registered and state whether dividends arising should be reinvested in further Shares in the Fund at the price determined as described in the Prospectus;

(f) state the agent's name and address, if applicable;

(g) state if the contract note and certificate are to be mailed to someone other than the registered holder.

Applications must be accompanied by payment in accordance with the instructions given under "Payment Methods" below.

Telex Application

Telex application may be made to the Fund c/o the Manager, telex number 4191186 BKBDGY G, containing the information set out in (a) to (g) inclusive under "Written Application" above, supported by payment described below in "Payment Methods".

Telephone Application

Telephone application may be made to the Fund c/o the Manager, telephone number 0481-26268, when the price quoted will be contingent on the receipt of a remittance in settlement of the transaction upon receipt of the contract note and the return of the Registration Form on the reverse of the contract note, duly completed. Payment upon receipt of the contract note should be made in accordance with "Payment Methods" below.

Payment Methods

If payment is to be made by cheque or banker's draft, the cheque or draft for the relevant amount should be made payable to "John Govett Management (Guernsey) Limited a/c Govett High Income Gilt Fund Limited" and sent to the Manager, John Govett Management (Guernsey) Limited, P.O. Box 208, Bermuda House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands.

If payment is to be made by telegraphic transfer the investor should instruct his bank to effect payment of the relevant amount to Midland Bank plc, 13 High Street, St. Peter Port, Guernsey, Channel Islands for the account of The Bank of Bermuda (Guernsey) Limited, account number 31015842, re Govett High Income Gilt Fund Limited, and quote the name of the applicant.

If payment is not made in sterling any necessary currency transaction will be effected by The Bank of Bermuda (Guernsey) Limited on its normal banking terms on behalf of and for the account of the applicant without responsibility as respects the Fund.

General

(a) Contract Notes

After the initial offer closes, contract notes will be sent to the address of the first named applicant showing details of the transaction. Where application has been made by telephone, the investor will be sent a contract note and should immediately return one copy of it with a cheque or draft in settlement.

(b) Certificates

Certificates will be despatched at the applicant's risk normally within one month of the date on the contract note subject to the receipt of cleared funds and the information referred to in "Written Application" above. If such funds and information have not been received within one month of the application, the allotment may be cancelled and the application monies *returned without interest to the applicant at his risk (and until returned, such monies may be* used by the Fund for its own benefit). Unless otherwise requested the share certificate(s) will be despatched to the address given on the application form or to that of the first named applicant.

The right is reserved to reject any application and to accept any application in part only. If any application is not accepted in whole or in part the application monies or the balance thereof will be posted to the applicant at the risk of the person entitled thereto. The Manager reserves the right to present all cheques and drafts for payment on receipt.

Dated 30th August, 1985.

Application Form

AGENT'S STAMP

IMPORTANT: This form must be completed and returned with payment to the Manager so as to arrive not later than 3.30 p.m. on 20th September, 1985.

To: Govett High Income Gilt Fund Limited
c/o John Govett Management (Guernsey) Limited,
P.O. Box 208, Bermuda House, St. Julian's Avenue,
St. Peter Port, Guernsey, Channel Islands

I/We hereby apply for the issue to me/us of Shares to the value of £.................................... (minimum £1,000) in Govett High Income Gilt Fund Limited (the "Fund") at the initial offer price of 50p per Share.

I/We enclose herewith a remittance for £.................................... (or its equivalent in any other freely transferable currency) made payable to John Govett Management (Guernsey) Limited A/C Govett High Income Gilt Fund Limited.

I/We hereby authorise and request The Bank of Bermuda (Guernsey) Limited to effect any currency transactions which may be necessary to invest the application monies in the Shares applied for. I/We understand that the cost of the currency conversion will be deducted from my/our application monies.

I/We acknowledge that I/we have received and considered a Prospectus relating to the Fund and this application is made on the terms thereof and subject to the provisions of the Memorandum and Articles of Association of the Fund.

I/We agree to accept the same or any smaller number of Shares in respect of which this application may be accepted, and I/we authorise you to place my/our names on the Register of Members of the Fund in respect of the Shares allotted to me/us.

I/We authorise you to send at my/our risk to me/us a certificate for the number of Shares in respect of which this application is accepted to the address specified according to the delivery instructions set out in this form, and a cheque for any monies returnable by post to the address first written below.

I/We hereby declare that the Shares are not being acquired directly or indirectly by a U.S. person (see Note below) nor in violation of any applicable law and that they will not be owned beneficially by a resident of Guernsey, Alderney or Herm.

In the event of any of the particulars given in this form ceasing to be true, I/we undertake forthwith to notify John Govett Management (Guernsey) Limited.

Delivery Instructions Please tick the appropriate box

(a) Please forward details of nominee facilities ☐
(b) Please forward the certificate(s) to the first named holder ☐
(c) Please forward the certificate(s) to the agent named ☐
(d) Please forward the certificate(s) to the Bank and branch following: ☐

Bank Name and Address ____________________

Dividend Instructions

If you wish dividends to be re-invested automatically in further Shares, please tick the box ☐

If you wish dividends to be paid to a Bank, please complete the following information:

Bank Account Number ____________________

Bank Name and Address ____________________

Application Details (please use block capitals)

1 Forename(s) in full ________ Mr./Mrs./Miss Title ____ 2 Forename(s) in full ________ Mr./Mrs./Miss Title ____

Surname ________ Surname ________

Address ________ Address ________

3 Forename(s) in full ________ Mr./Mrs./Miss Title ____ 4 Forename(s) in full ________ Mr./Mrs./Miss Title ____

Surname ________ Surname ________

Address ________ Address ________

Signature(s) of All Applicants

Note: A Corporation should execute under its common seal or sign by a duly authorised officer who should state his representative capacity.

1 ________ 2 ________

3 ________ 4 ________

Date ________

Note:

"A U.S. person" includes a national or resident of the United States of America, a partnership organised or existing in any state, territory or possession of the United States of America, a corporation organised under the laws of the United States of America or of any state, territory, or possession thereof, or any estate or trust, other than an estate or trust the income of which from sources outside the United States of America (which is not effectively connected with the conduct of a trade or business within the United States of America) is not included in gross income for the purposes of computing United States federal income tax. For the purposes of this definition "United States of America" includes the United States of America, its territories, possessions and areas subject to its jurisdiction. If you are unable to make this declaration, you may still be able in certain circumstances to subscribe for Shares, but you should contact the Manager for details first.

UK COMPANY NEWS

Restructuring benefits lift BP to £859m

THE BENEFITS of restructuring over the past four years, particularly in the downstream refining and marketing business, has shown through in British Petroleum's first half results with historical cost net profits up by almost 29 per cent.

Sir Peter Walters, the chairman, says the restructuring enabled *BP to retain a competitive edge* during one of the most turbulent periods the industry has faced.

Second quarter historical cost net profits rose from £326m to £344m, close to the top end of City estimates, and lifted the figure for the first half of 1985 by £191m to £859m.

On a replacement costs basis, which the group considers to be the better guide to underlying profitability, the increase was more marked with profits after tax for the half year rising to £859m, an improvement of 36 per cent over the comparable £630m.

With earnings per 25p share emerging 10.4p higher at 47p the interim dividend is being stepped up from 10p to 12p net.

Looking ahead Sir Peter warns that world oil and currency markets remain fragile. None the less, he says he is confident about future prospects which will reflect the underlying improvement in group performance over the past four years.

During the second quarter a combination of weaker oil prices and the decline of the dollar produced realised stock losses of £113m, offsetting a similar level of stock profits recorded in the opening quarter.

Overall, the adverse impact of the weak dollar on profits from exploration and production was balanced by the beneficial effect on refining and marketing.

This business demonstrated its competitive strengths in generally more favourable market conditions and produced one of its best quarterly results for several years.

The group also benefited from higher interest receipts on its cash balances and other financial gains. In its first six months' trading in the foreign exchanges and capital markets, BP Finance International moved to take advantage of a number of favourable market opportunities. These included a series of debt issues on the Eurobond markets designed to reduce the average cost of the group's borrowings.

Sir Peter says that both of BP's main businesses performed exceptionally well.

Sir Peter Walters . . . confident about future prospects which he says will reflect the underlying improvement in group performance over the past four years

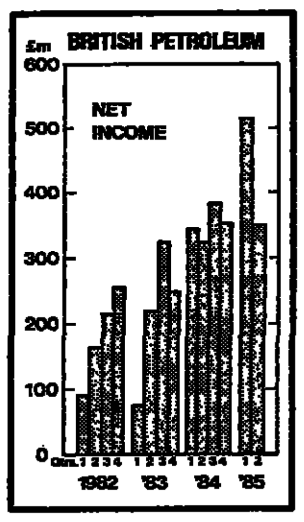
BP Exploration made an operating profit in the second quarter of £381m, £56m less than the first quarter's £437m. Higher production volumes in *the North Sea and overseas* were not sufficient to offset the lower sterling sales proceeds resulting from the weakness of the dollar and generally softer market conditions. Write-offs of exploration expenditure were also higher than in the first quarter.

The group's gross production from the North Sea averaged 516,000 barrels per day (b/d), compared with 509,000 b/d in the first quarter. Production resumed from the Buchan field following its shutdown in the first quarter for maintenance work and the installation of gas injection facilities.

Overseas production increased from 183,000 b/d to 186,000 b/d. Lower liftings of crude oil from Abu Dhabi were offset by higher production from other overseas areas, principally the Kuparuk field in Alaska. BP's produc*tion from the North Sea is* expected to be lower in the second half than in the first half of this year.

The charge for exploration write-offs in the second quarter was £129m, compared with £81m in the first quarter. The write-offs included a charge of £10m for China and £27m for the Andrew field in the North Sea, a marginal discovery which cannot at present be developed commercially, the directors say.

Capital expenditure continued at higher levels than last year. *The South East Forties development* in the North Sea and the Ula field in Norway are both expected to start production earlier than previously forecast —Ula in the fourth quarter of 1986 and the South East Forties development in the second quarter of 1987. In April production started from the Wolf Lake heavy oil project, in which BP Canada, the operator, has a 50 per cent interest.



BP Oil International's refining and marketing business recorded one of its best quarterly results for several years. Operating profit for the second quarter, at £115m, was almost double the profit achieved in the first quarter.

The improvement arose in Europe where the weakness of the dollar, helped to drive down supply costs in local currency terms. In addition, the ending of the miners' strike in the UK and the consequent reduction in demand for heavy oil contributed to the recovery in European refining margins. Outside Europe, results were satisfactory although lower than in the first quarter.

The directors point out that although seasonal demand patterns and currency movements could place pressure on product margins later in the *year, the competitive strengths* which BP Oil International has developed from its restructuring programme—and which are reflected in the second-quarter results—mean that future prospects remain broadly favourable.

The rationalisation of European refining operations is continuing with the programme of plant closures at Llandarcy and at various locations in Germany scheduled to be completed by the end of the year.

In other group operations the second quarter operating profit for BP Gas was £14m lower than in the first quarter, following the normal seasonal pattern.

Second-quarter operating profits of BP Chemicals were £13m higher than in the first quarter, with firmer prices for ethylene and its derivatives and lower feedstock costs helping to push up margins, though not far enough to match the second quarter profit in 1984.

The second quarter loss at BP Minerals increased by £2m to £17m—an improved trading result was outweighed by a £7m increase in exploration write-offs.

Sohio, BP's U.S. subsidiary, continued to make a substantial contribution to group results. Its operating profit for the second quarter was £645m. The £550m profit from exploration activities was £84m lower than in the first quarter. This mainly resulted from increased exploration expenses, as well as the reduced sterling value of the dollar.

Profits from Sohio's refining and marketing of £136m were substantially higher than the £46m earned in the first quarter. Refining margins improved significantly as light product prices strengthened. Sohio also benefited from a full quarter's income from the Gulf Oil refining and marketing assets.

BP's capital expenditure and acquisitions programme cost £2.43bn for the half-year, a 50 per cent increase on the comparable 1984 period mainly due to Sohio's purchase of Gulf Oil refining and marketing assets in the first quarter.

Funds generated from operations of £2.9bn were some £330m higher than in the first half of 1984, leaving the group with a small funds surplus after financing the increased capital spending and payment of the higher 1984 dividend. The group's liquid ressources increased by £278m over the half year to £2.6bn.

The group points out that three major restructuring decisions have been announced but are, as yet, insufficiently quantified to have been included in the first-half results.

See Lex

Exchange rates cloud Blue Circle's performance

Blue Circle Industries returned lower profits for the first six months of 1985 and blamed the shortfall predominantly on exchange rate movements.

Turnover for the period remained virtually static at £427.9m (£426.3m) but at the pre-tax level profits fell from £47.6m to £45m—the group is Britain's biggest cement maker.

Yesterday the directors, headed by chairman Mr John Milne, said the results had been adversely affected by exchange movements and special factors applying to UK operations.

Overseas most group companies traded well, South Africa being the principal exception, but exchange movements during the half year were exceptionally volatile and distorted the operating performance of these companies.

The results from overseas were translated into sterling at rates of exchange ruling on June 30.

Distortion

The directors pointed out that the extent of the distortion was reflected in the fact that had the results been translated at average exchange rates over the six months, profits before tax would have been increased by £7.3m.

They added that if exchange rates continue to be erratic for the remainder of 1985 consideration will be given to changing the basis of translation in order to provide a *fairer presentation* of trading performance.

For the rest of the year UK cement deliveries are not expected to be significantly different from the previous year.

The price increase. which came into effect from June 1 will partially offset inflation but there will be continuing costs associated with the modernisation of Cauldon and Dunbar with the full benefit being felt in 1986.

Overseas. the trend is expected to be maintained but movements of currencies may affect the outcome.

Operating costs for the opening six months rose from £353.3m to £364.6m. Depreciation was little changed at £25.8m (£26m).

Demand

The pre-tax results were struck after adding in a £26.7m (£20.1m) share of related companies profits and deducting net interest charges of £17.2m (£14.7m) and exceptional debits of £2m (£4.8m).

Tax accounted for £14.2m (£12.8m) and minorities for £3.4m (£5.1m). Extraordinary debits took £0.5m (£2m).

The interim dividend is being held at 6p net from earnings, pre-extraordinary items, of 23.1p (25.6p).

A geographical analysis of operating profits (£64.2m, against £67.1m) shows: UK £16.4m (£22.5m). U.S. £11m (£9.1m). Australasia £7.1m (£6.6m). Africa £10.4m (£14.4m). Latin America £13m (£5.7m) and Asia and other areas £6.3m (£8.8m).

Home trade cement deliveries, at 3.9m tonnes, were approximately the same as last year. Demand was at a very low level in the early part of the year because of severe weather conditions but since then there has been a steady recovery.

The directors said that although the price increase will largely compensate for inflation in the second half, there was inevitably some erosion of margins in the first half.

Downturn

Armitage Shanks contributed overall £5.7m to operating profit. The operations in the UK and the U.S. matched the results of 1984, but other overseas activities suffered from reduced margins and a fall in demand.

The acquisition of Atlantic Cement in the U.S. was completed at the end of May, at a cost of $145m. The group's other operations in the U.S. continued to perform well, with profits in local currency terms being close to these achieved last year.

In South Africa. the group shareholding in Blue Circle Limited will reduce from 50.3 per cent to 42 per cent at the end of August as a result of Blue Circle Limited issuing shares to acquire the remaining 55 per cent shareholding in D and H Materials (Pty). Limited issuing shares to acquire the remaining 55 per cent shareholding in D and H Materials (Pty).

The trading results suffered from a severe downturn in the country's economy and the declining value of its currency.

Group companies in Australia and New Zealand increased their contribution to overall profits, despite a 25 per cent decline in the value of both countries' currencies against sterling since June 1984.

See Lex

Asda over £119m and MFI merger is producing results

Associated Dairies Group, which recently merged with MFI Furniture, yesterday reported taxable profits of just over £119m, against £104.61m, for the 1984-85 year.

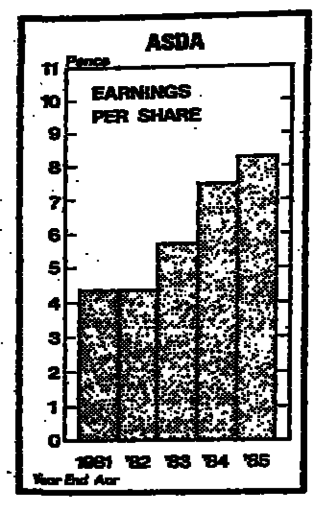
Although MFI's results have not yet been consolidated, Mr Noel Stockdale, ADG's chairman, said that the merger was already producing results and the well-known trading names of the two companies would be given the name Asda-MFI.

On its own MFI earned a higher taxable result of £44.54m, against £39.1m, for the year to June 1 1985, on turnover up from £360.95m to £384.09m.

While Asda stores again generated the bulk of ADG's operating profits, the miners' strike caused problems in the second half. The chairman said that although sales through the 25 stores in mining districts held up well until Christmas, as miners kept up their standard of living by running down services, "sales volume then fell off a cliff."

ADG also said that rising mortgage interest rates had cut into discretionary spending compared with the previous year, when rates had been falling.

Asda stores' operating result of £95.48m, up from £81.82m, accounted for 85 per cent (86 per cent) of the group total. Associated Fresh Foods contributed slightly less at £11.4m (£11.78m), Allied Carpets made £7.29m (£4.28m), and miscellaneous trading added £1m (£278,000).



Elsewhere, Wades Departmental Stores (sold in January) incurred a £295,000 loss and Wallbridge Carpet was also in the red at £454,000.

Group profits for the year to April 27 were achieved on turnover up from £1.76bn to £1.93bn and were struck after depreciation of £21.94m (£19.69m) and interest payable of £502,000 (£180,000)—other income added £7.27m (£9.67m).

The final dividend is being raised from an adjusted 1.46p to 1.6p, lifting the total to 2.75p (2.5p). Earnings per share rose to 8.28p (7.45p).

See Lex

Saxon terms 'ungenerous' but offer recommended

BY DOMINIC LAWSON

Enterprise Oil's £122m offer for Saxon Oil "is not generous and fails to reflect sufficiently the underlying asset value of Saxon."

This is the argument put forward in a letter by Mr Brian Carlisle, the chairman of Saxon, which nonetheless recommends the Enterprise offer to Saxon shareholders.

Enterprise had made its offer for Saxon only on condition that the Saxon board recommended it but Mr Graham Hearne, Enterprise's chief executive, conceded yesterday that "the letter of recommendation is pretty glacial, not the warmest you ever did see."

In his letter Mr Carlisle says the Enterprise offer does not reflect Saxon's strategic value in whole or in part to third parties, but that in view of weakness in the oil market, the board recommend the bid "if no higher offer is forthcoming."

These expressions are a veiled invitation to other companies to outbid Enterprise. Mr Carlisle said last night: "I think other people might come in."

The unusual nature of the letter of acceptance, which heads the Enterprise offer document for Saxon, reflects the boardroom conflict within Saxon. The board recommended the offer against the original advice of its bankers, J. Henry Schroder Wagg, and only by a majority of five to four. The five non-executive directors voted to recommend, with four of the executive directors vetoing the offer, and one abstaining.

Earlier this week Mr John Heaney, chief executive of Saxon, said it was "absurd" that a successful company should be sold off without the assent of any of its executives.

But in its document yesterday Enterprise produced a series of arguments in favour of Saxon shareholders accepting the bid.

Enterprise's merchant bank, S. G. Warburg, points out that the cash offer of 540p per share compares with Saxon's share price of only 340p before Enterprise made its approach known.

Warburg adds: "The combined business of Enterprise and Saxon will create the right blend of quality assets, financial strength, and management capability to maximise prospects for growth of the enlarged group both in the UK and overseas."

Competition keeping Lec profit at reduced level

FIRST HALF profit of the Lec Refrigeration group reflects the extremely competitive nature of the industry this year, the *directors state; but it does show* a slight improvement on the second half of last year.

In the six months ended June 30 1985, the group, which makes and services a wide range of commercial and domestic refrigerators, lifted its turnover by £1.67m to £25.96m. Its pre-tax profit, however, fell from £2.13m to £1.32m—equal to almost 38 per cent.

The interim dividend is held at 4p net per share; last year's final was 8.5p. In the second half of 1984, turnover came to £30.44m and the profit before tax to £1.22m.

● **comment**

The long cold summer has brought something of a chill to the UK refrigerator market. Manufacturers have had to fight intense price-cutting battles to maintain market share. In these circumstances, Lec Refrigeration's 5 per cent pre-tax margins look quite creditable, for last year's 8.7 per cent in the first half were achieved in more buoyant conditions. The result is an improvement on the second half of 1984 when margins reached a low of 4 per cent. Certainly Lec seems to be running its factories efficiently enough to hold its own against larger rivals. But profits can hardly be expected to move ahead much until there is another upswing in consumer demand of the kind the group enjoyed in 1983. For the moment then, the shares, up 1p 246p, are likely to have few attractions, though the 7.3 per cent yield is solid support at this level.

Pound hits SAI profits

THE SUBSTANTIAL fall in fertiliser profitability experienced by Scottish Agricultural Industries last year continued in the first half of the present year. Sales volume was maintained but prices could not be increased to match the increase in raw material costs resulting from the weakness of the pound against the dollar.

Directors expect pressure on margins to continue throughout the year.

In the six months to the end of June 1985 taxable profits fell from £1.8m to £800,000 on turnover almost unchanged at £51.8m (£51.4m). From unchanged earnings per £1 share of 14.2p, the company which is 62.4 per cent owned by ICI, is maintaining the interim at 6.5p.

The directors say that the new nitric acid plant at Leith will begin to make its contribution to reduced costs in early 1986. The board has authorised further investment there to modernise the granulation plant and make the works capable of producing the full range of the company's products including those at present made at Aberdeen.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allda Hldgs‡	int	3.25	Oct 5	—	—	—
Assoc Dairies		1.6†	—	1.46*	2.75	2.5*
Blue Circle	int	6	—	6	—	20
British Petroleum	int	12	Nov 7	10	—	30
Cambridge Elect	int	2.2	Nov 5	2.07	—	7
Cattle's (Holdings)	int	0.73	Oct 11	0.6	—	1.5
Godwin Warren‡	int	1.1	—	1	—	2
Ladbroke	int	5	Oct 25	4.48	—	10
Lec Refrigeration	int	4	Oct 18	4	—	12.5
Murray Income		3.3	Oct 30	2.8	5	4.4
James Neill	int	2.5	Oct 1	1.5	—	4.75
Pres E'tainments†‡	int	0.67	—	—	—	0.1
Refuge Group	int	4.5	—	—	—	—
Rohan Group	int	2.4	—	5.85	—	12.75
Scottish Agric	int	6.5	Nov 4	6.5	—	18.5
Stat-Plus Group‡	int	1	Sept 30	0.5	—	2
U.S. Debenture Corp	int	2.25	—	2.25	—	5.96¶
Ward Hldgs	int	1.75	—	1.6	—	6.6

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. ¶ For 11 months.

UK COMPANY NEWS

MK Electric to pay £16.6m for Friedland

BY CHARLES BATCHELOR

M.K. Electric, manufacturer of electrical wiring accessories and fire alarms, is making an agreed £16.6m takeover bid for Friedland Doggart, Britain's leading maker of door chimes.

The offer, of 320p in cash for each Friedland share, already has the backing of Mr John Doggart, the chairman, members of his family and other shareholders owning a combined stake of 43.73 per cent in Friedland.

Friedland's shares rose 100p to 315p yesterday while MK's stayed at 270p.

Friedland made a pre-tax profit of £2.3m on turnover of £12.1m in the year ended December 1984. It had net tangible assets of £9.1m and net liquid funds of £3.7m at that date.

It has about 80 per cent of the UK market for door bells and chimes. It also supplies sound signalling equipment for use in intruder and fire alarms and makes rotationally moulded balls and dolls.

The purchase will increase MK's position in the retail market for electrical components. MK is traditionally a supplier to the new construction and refurbishment markets but the importance of retail and DIY sales has been growing.

MK is particularly strong overseas in the Far and Middle East, where the British electrical standard applies. Friedland is active on the Continent and in North America.

Mr Eric Race, MK's finance director, said the two companies had held talks in recent years but only now had Mr John Doggart, who is 74, decided to sell his holding.

Shareholders who do not want to accept cash will be offered a loan note alternative, carrying a 9 per cent rate of interest and redeemable after about five years.

Two Friedland directors, Mr Geoffrey Mottershead and Mr John Bradburn, will remain with the company while Mr Doggart will take a limited term technical consultancy agreement.

MK is being advised by Kleinwort Benson while S. G. Warburg are advisers to Friedland.

MK supplies equipment for electrical and electronic connection, control and circuit protection equipment. It also makes plastic conduits and fire detection, alarm and access control systems. It made pre-tax profits of £18.1m on turnover of £127.1m in the year ended March 1985.

The company last made an acquisition in July 1982 when it paid £6.2m for Chloride Gent, the fire alarm equipment subsidiary of Chloride Group.

John Govett establishes two Guernsey funds

BY GEORGE GRAHAM

JOHN GOVETT, the London fund managers, has set up two offshore funds alongside its eight onshore unit trusts and four investment trusts.

Govett High Income Gilt Fund has pitched its initial estimated yield at 12 per cent, paid gross. It needs nimble footwork to maintain this high income without eroding the capital value of the investment.

Govett admits that part of the high immediate return may be achieved at the expense of capital though it will seek to maintain capital values over the longer term.

The second fund, Govett International Managed Fund, will invest in a portfolio of Govett's existing onshore unit trusts.

The managers are taking an initial charge of 7.5 per cent, because they will be paying 5 per cent commission to brokers and intermediaries, not the 3 per cent laid down by the Unit Trust Association.

Govett justifies the higher commission and initial charge by saying that investors in the International Managed Fund will be spared the cost of switching frequently from one fund to another.

The managers admit the investment performance of their long-established International Growth unit trust, with which the new fund might be compared, is pedestrian over the long term. But in the last 12 months the group has turned in better performance figures across the range of its funds.

Units in both funds are offered at 50p until September 20, with a minimum investment of £1,000. The funds are based in Guernsey, and both will apply for distributer status from the UK Inland Revenue.

Spice chief charges delay USM flotation

By Lucy Kellaway

GORDON SPICE, the cash and carry chain which was due to join the USM next month, has postponed its flotation. The company's financial comptroller was charged last week with misappropriation of funds.

Mr David Roberts, who joined the company in February this year, was discovered in the course of the Stock Exchange's standard vetting procedures to have been previously imprisoned on charges of fraud.

The joint managing director of Gordon Spice, Mr Charles Tippet, said yesterday: "We were put onto this by the City but our controls would probably have picked it up before long."

The flotation has been put off until the beginning of next year when a set of audited figures for the current financial year will be available.

Mr Tipett, who described the incident as "a hiccup, not a set back" said: "We feel we owe this to prospective investors. After the audit they should feel fully confident about what they are investing in."

Mr Robin Kaufman of Capel Cure Myers, the company's stockbrokers, said the company will probably come to the market in the first two months of next year. "When we are happy that all is as it should be we will proceed with the flotation," he said.

Gordon Spice operates a cash and carry business for the motor trade, selling primarily to High Street spare shops and garages. The company, which was founded 20 years ago, made profits last year of £477,000 on sales of £16.2m. This year sales of nearly £20m are expected, and profits of about £600,000.

The company was planning to raise about £1.5m at the flotation, which it intended to use for expansion and acquisitions. The delay will not materially affect the company's plans. "After waiting twenty years, a few months more are neither here nor there," said Mr Tippet.

Murray Trust takeover row

By Martin Dickson

The £150m takeover bid by the Merchant Navy Officers' Pension Fund for Murray Growth Trust reaches its first closing date today amid a clash between the two sides over the precise value of the offer.

Murray Growth claims that shareholders are being offered only 92 per cent of net asset value, compared to the fund's figure of 100 per cent. Murray reaches its figure by subtracting 5 per cent for various costs said to surround the takeover and by taking into account an independent revaluation of its unquoted shareholding in Robert Fleming, the merchant bank. It says that "this surplus, of which you could be deprived, accounts for some 3 per cent of Murray Growth's net assets."

However, the pension fund replied yesterday that it was unrealistic to suggest that the formula to be used for calculating net assets value would represent a cost to shareholders of as much as 5 per cent.

It added that it had always recognised that the valuation of unquoted investments made at the time of the last accounts might be subject to adjustments in the light of changing circumstances.

"The formula for calculating net asset value reflects this fact. Murray Growth ordinary and "B" ordinary shareholders are assured they will receive 100 per cent of a fair net asset value on this basis."

Bunzl in four deals on international front

BY FRANK KANE

Bunzl, the UK paper group, has made four acquisitions for a total of £14.2m to expand its existing operations at home, in the U.S. and in Australia.

By far the largest part of the consideration is accounted for by the purchase of Monmouth Paper, an independent U.S. paper distributor based in New Jersey. Mr Kenneth Anderson, Bunzl's finance director, said yesterday that the acquisition would complement the Jersey Paper Company, which was the group's first buy in the U.S. in 1981.

It has also bought Regan Paper and Plastics, a supplier to the industrial and food service markets, based near Tampa, Florida. This business now operates under the name of Bunzl USA Tampa.

The group's industrial division is increasing its UK activities with the purchase of Morane Plastic, of Staines, Middlesex, a manufacturer of plastic laminating products and accessories, while in Australia the distribution coverage is extended via QPM Industrial Products. This operation distributes packaging materials in Queensland, and will trade in Brisbane as a division of Bunzl Australia.

Of the total purchase price, £13.3m is to be met out of cash resources—with the U.S. portion funded by dollar borrowings—and the balance by floating rate five-year loan notes.

Turnover of the combined businesses totalled £35m, providing taxable profits of £3m pro-forma. Net assets being acquired are £9.3m. Mr Anderson said that he expected them to add more than £1m in profits to Bunzl's figures for the 1985 year.

Bunzl recently failed in a bitterly contested bid for the bearings group Brammer, and still has most of the £54m proceeds from last January's rights issue intact. Mr Anderson indicated that the group was on the look-out for further opportunities to expand, and identified the U.S. West Coast as a priority area.

ASH wins 20% of rival

BY CHARLES BATCHELOR

THE £20.3m takeover bid from Automated Security (Holdings) (ASH), for Security Centres Holdings won acceptances from the holders of 19.95 per cent of Security Centres' shares by Wednesday's first closing date.

ASH, which already owns a 4.78 per cent stake in the rival intruder alarms group, yesterday extended its five for six share offer until September 11. The cash alternative has been closed.

Security Centres shares remained unchanged at 122p yesterday while ASH rose 2p to 153p. At this level the share offer is worth 127.5p for each Security Centres' share.

Security Centres said that the level of acceptances demonstrated most shareholders agreed that the offer failed to recognise the real value of their company and the strength of its "revitalised" UK alarm operations.

Security Centres urged shareholders not to help ASH by selling their shares in the market. It promised it would send further information to shareholders in the near future commenting on current trading and prospects.

ASH has criticised Security Centres for failing to provide financial information on the year ended March 1985.

ASH and Security Centres are currently engaged in a legal battle following the break-down of an agreement under which ASH would have paid up to £8.5m for Security Centres' UK alarm business.

COMPANY NEWS IN BRIEF

COSTAIN GROUP has sold the assets of Pilcon Engineering—its drill manufacturing subsidiary—for £250,000 to the English Drilling Equipment Company, a subsidiary of the private EDECO Group. English Drilling, which has a turnover of about £2.5m, will become the largest British manufacturer of percussive, diamond coring and underground drilling rigs.

WHEWAY WATSON HOLDINGS' directors said yesterday that they knew of no reason for the recent upward movement in the group's shares, but stated that they were at an advanced stage in discussions which may lead to a "substantial acquisition" of a complementary company. The consideration would be satisfied by the issue of new ordinary shares. Wheway closed last night at 21p, up 2½p.

GREENFIELD BLACKS has published the terms of its rescue rights issue. Just over 37m new shares will be offered on the basis of two-for-one at 11p each raising £3.8m after expenses. The issue has been underwritten by Arbuthnot Latham and brokers are L. Messel. In the market, Greenfield's shares were unchanged at 13p yesterday.

VALIN POLLEN International, the USM quoted public relations group, has reached conditional agreement to acquire APT Photoset, a London-based computerised typesetting company, in a performance-related deal worth up to £1.5m. The cash and shares consideration will be paid in three instalments, with a first payment of £350,000 on completion. APT was established as a partnership in 1979, and in the year to November 30, 1984, made pre-tax profits of £46,486 on turnover of £1.1m.

BRYSON OIL & GAS made a taxable profit of £45,219, against £21,241, for the 1984 year. There was no tax (£4,310). Earnings per share amounted to 0.7p (0.3p). There is no dividend but a one-for-10 scrip issue is proposed.

STAT-PLUS GROUP, stationery, printing and furniture retailer, saw pre-tax profit in the first half of 1985 increase by 46 per cent to £675,000 (£461,000) on turnover up from £2.22m to £2.71m. From earnings of 5.5p per 5p share, against 3.4p last time, the interim dividend of this USM-quoted company is doubled to 1p. Mr Derek Bird, chairman, says that the market remains buoyant and trading is excellent.

UK COMPANY NEWS

Ladbroke exceeds City forecasts

Ladbroke Group has surpassed City expectations with an 80 per cent increase in interim pre-tax profits, and the benefits of the Manhattan Tower project are still to come in the second half.

Analysts had been expecting at least some of the estimated £7.5m surplus on Manhattan to be included in the figures for the first half of 1985-86, but the directors have decided to hold it over. The second half will, says Mr Cyril Stein, the chairman, begin to reflect it, and the year as a whole will show "excellent growth in profits and earnings per share."

Manhattan had been expected to lift the half-way taxable profit to as much as £26m, but in the event the group was able to achieve £25.5m without it, compared with £14.2m last time.

The better than foreseen result, and the prospect of an even better second half, lifted the group's shares by 10p to 297p, a high for 1985. Earnings per share rose from 5.46p to 7.32p.

Turnover moved ahead from £453.8m to £576.2m, producing operating profits of £31.4m against (£18.9m). Mr Stein says that all three Ladbroke core businesses—hotels, property, and racing—had a good first half, and the entertainments business grouping also did well. The latter includes the Laskys electronic retail operation, which last time ended the half-year in the red.

Occupancy at the group's hotels reached the highest ever levels, and profits were better than anticipated following the successful integration of the Comfort chain. A number of the London units are to be upgraded, and this will be completed next winter.

The group's property operations continue to expand. The Barclays Bank headquarters building on Wall Street, under the group's U.S. real estate division, is ahead of schedule and will be completed early next year. Two other developments in New York are also nearing completion. At Manhattan Tower, terms have been agreed with a number of tenants, and lettings are continuing on target.

The luxury residential market in Central London is buoyant, says the chairman, and the majority of apartments at 10 Hyde Park Square and at 100 Piccadilly are now sold. All 13 of the Savoy apartments were sold within a [illegible] of their launch last month.

The proposed betting legislation amendments are expected to benefit the UK racing division's 1,436 off-track betting units. The main opportunities are likely to stem from live TV coverage of races, and from in-store promotional activity.

Abroad, the Belgian off-track betting operations produced "excellent results," and the purchase last January of the Detroit race track is seen as a base from which to launch off-track betting activities in the U.S.

The half year interest charge was slightly up at £5.9m (£4.7m), and tax took £9.9m (£5m) to leave attributable profits at £14.5m (£8.2m).

The dividend is raised from 4.477p to 5p. Last full year Ladbroke paid a total of 10p net on profits of £50.2m.

● comment

Ladbroke's mixture of cash flow and asset businesses seems pretty well tuned at present. Racing results seem to even out over the full year, at least on the bookies' side of the counter, so there is little or no premium for having a much better first half in the betting shops; even so, it is good to be four or five million ahead at the half-way mark. On the other hand the market is scarcely going to penalise Ladbroke for keeping back the maiden profits from its Manhattan Tower; if the letting goes well, there will simply be a higher figure to include at the end of the year. In any case, that is partly a game about balance sheet values, based in future on the success of the letting programme. With an increasing proportion of group profits coming from the property rental stream the quality of earnings will continue to improve. The expanding hotel business (taking in about £2m from Comfort this time) is also looking less cyclically exposed than it did; the refusal of planning consent for a hotel at Staines may sting like a slap in in Ladbroke's face, but it is a sign of sustainable tariffs. At 297p per share (up 10p yesterday) the shares are by no means the steal they were six months ago; but a 5.5 per cent yield keeps the odds interesting.

Alida profits rise 85% in first half

Alida Holdings, which came to the USM in October 1984, has announced an 85 per cent increase in pre-tax profits from £541,000 to £1m for the first half of 1985.

Mr R. Stone, the chairman of this Derbyshire-based polythene packaging manufacturer, says that better-than-expected profit in the first quarter of the year is reflected in the half-year result.

The second quarter, while very satisfactory, was affected by the seasonally quiet trading and increased raw material prices. The group has had to absorb part of this as market conditions prevented passing on all the increases.

He adds that prospects continue to be encouraging, and expects that the full-year's profits will be appreciably higher than the £1.25m achieved in 1984.

The directors have declared an interim dividend of 3.25p, which is 1p more than indicated in the prospectus last year. Stated net earnings per share are shown ahead at 12.48p (7.45p).

In his interim statement Mr Stone says that the group's penetration into new markets and the development of new products tended to mitigate the effects of the raw material price increases.

Capital expenditure is ahead of previously announced levels. In 1984, £1.5m was spent, and the group anticipated spending about £2m on new plant in 1985. Major items of equipment were commissioned in the first half, including a six-colour Flexo printer.

Rapid growth for Williams

THE much transformed Williams Holdings group of founders, engineers, and vehicle dealers reports pre-tax profit ahead by 88 per cent to £2.69m for the first half of 1985, and says prospects for the remainder of the year are encouraging, and is raising its dividend forecast to 7p.

On top of this, since June 30 borrowings have been further reduced through the realisation of investments and the receipt of proceeds from disposals which have not been completed. A further significant reduction in borrowings, therefore, is expected by the end of the year.

Figures being reported are prepared on a merger accounting basis to include J. & H. B. Jackson, the acquisition for shares of which was declared unconditional on May 1. Both groups increased their profits, says Mr A. N. R. Rudd, the chairman, although an accurate analysis is not possible. The integration of Jackson has been smoothly concluded and the creation of the forging division embracing Omes-Faulkners will soon be completed.

When bidding for Jackson the Williams directors were promising a dividend of 2p net per share for the year 1985. In view of the strengthened balance sheet and strong cash flow, and in the absence of unforeseen circumstances, they are now expecting to recommend 7p.

In the half year turnover advanced by over £10m to £47.85m, from which a gross profit of £9.32m (£7.15m) and a trading surplus of £2.77m (£1.74m) were earned. There were exceptional credits of £210,000 (£440,000) and tax took £635,000 (£328,000), leaving the net profits at £2.26m (£1.54m).

Earnings are shown at 13.1p (10.5p) per share basic and 10.8p (8.1p) fully diluted. There are extraordinary credits of £43,000 (debits £1.72m).

Mr Rudd says a number of the minor businesses of Jackson have been either closed or sold. The remaining activities have been integrated within Williams' existing divisional structure, with two exceptions.

● comment

Williams's shares had a pretty strong run ahead of yesterday's figures and their small slip to 340p following the previous day's drop of 14p must be put down to a closing of speculative positions rather than any gloom about the numbers, for there was nothing disappointing about the company's performance. Those who thought J. & H. B. Jackson would prove too big to swallow have been confounded: the acquisition has given the group new momentum and it is advancing strongly on most fronts. The nearest thing it has to a weak point is Beeston Boilers, which is a supplier to schools and hospitals and has suffered through public spending cuts: this business could be ripe for an integration into the Derby operations. The group's Ford dealership in Coventry also sits oddly with the group's other up-market dealerships and could go. The future is unlikely to see any abatement in Williams' expansion, for the cash that came with J. & H. B. Jackson has enabled it to reduce gearing from over 100 per cent at the last year end to about 33 per cent now and puts it in a good position to make further acquisitions. On present form £6m looks likely for the year, giving fully-diluted earnings of about 21p after a 25 per cent tax charge. The prospective p/e ratio of 16 has the shares looking a little pricey for this sector even after the decline.

BOARD MEETINGS

TODAY

Interims: Anglo American Gold Investment, British Aerospace, Derek Bryant, Church, Macdonald Martin Distilleries, Molynx, Parambe.

Finals: Consolidated Plantations, Haynes Publishing, Samuel Heath.

FUTURE DATES

Interims—	
Brook Street Bureau	Sept 2
Centreway Industries	Sept 5
Collins (William)	Sept 5
Executex Clothes	Sept 6
Fergabrook	Sept 5
Fisons	Sept 17
London United Investments	Sept 12
Matthews (Bernard)	Sept 17
Moorgate Group	Sept 5
Pacer Systems	Sept 4
Ramco Oil Services	Sept 19
Reabrook	Sept 4
Royal Dutch Petroleum	Sept 12

Company Notices

Company Notices

Legal Notices

UK COMPANY NEWS

CEI profit rises 4.7% midway

IN THE light of adverse trading conditions, the directors of Cambridge Electronic Industries feel the group has performed well in the first half of 1985, increasing its trading profit by £358,000 to £5.46m from a turnover higher by £9.7m at £72.7m.

There has been a "somewhat hesitant and irregular pattern" of trading in the electronics market worldwide. By contrast the group improved on the defence and electronics systems side, and showed a strong performance in specialist engineering.

Looking ahead, they say the short term will depend upon improvement of activity in the industries served; for the longer term the group will seek to position itself in relation to those areas where sustained growth may be anticipated.

Net interest charge for the half-year has risen to £186,000 (£66,000), leaving the pre-tax profit up £238,000—4.7 per cent—to £5.27m. Tax takes £1.77m (£1.61m) and minorities £113,000 (£161,00) *for earnings per share* of 9.1p (same). The interim dividend is lifted to 2.2p (2.07p).

A break-down of the trading *profit shows electronics and* electrical components £2.79m (£3.62m), defence and electronic systems £1.41m (£931,000), specialist engineering £1.26m (£548,000).

In the U.S., data processing and *automatic test equipment* markets suffered a marked downturn, which had a significant effect on the performance of *Elec-Trol Inc.*

In the UK, the telecommuncations and computer industries have also been depressed.

Even so, UK component companies have acquired sales and trading profits of about the same level as for 1984.

By contrast, sales by defence and electronic systems companies expanded by 21 per cent over *1984 levels, apart from the* inclusion of the new sub MTL Microtesting, and the growth has generated an additional profit.

Even without Specac (formerly Analytical Accessories) whose figures are included for the first time), specialist engineering sales have increased by 33 per cent. This expansion has led to a growth of £0.7m in profit.

● comment

That CEI's UK component companies have held their profits unchanged is no mean achievement given the well-aired problems of the domestic electronics sector. But there was *no such* luck in the U.S. where Elec-Trol, which made a £1m profit in 1984, has fallen into the red. The *market* had not fully realised how damaging the U.S. downturn would be for Elec-Trol and yesterday's group profits came out *£½m or so below outside estimates.* Though 350 staff out of a total of 800 have received their last pay cheque from Elec-Trol unless there is an upswing in volume the U.S. business could remain in loss throughout the year. That will continue to depress the group though as long as UK engineering and defence divisions perform well profits might get close to £13m. Even after yesterday's 17p fall to 293p that still leaves the prospective p/e close to 13 which is a fairly cheerful rating for the sector. CEI is a well run group but with a poor market and a short order book it cannot completely buck the trend and the shares are what brokers euphemistically call "fully valued."

President rises 61% and makes further purchase

President Entertainments, the theme restaurant group, yesterday revealed details of its second acquisition in two weeks along with its announcement of a 61 per cent profits rise for the traditionally quieter first half period.

With the Flanagan's restaurants purchase under its belt, President is acquiring the Grunts and *Bates Restaurants Group, which* operates three restaurants: Bates of Covent Garden, L. S. Grunts Chicago Pizza Works, Covent Garden, and Chicago Pizza Works, Vancouver, Canada.

President will pay an initial £800,000 for the restaurants with a further maximum consideration of £1.14m depending upon a profits-related formula.

During the first six months of 1985 President achieved a higher taxable profit of £423,000, against £263,000, with turnover advancing from £2.65m to £3.14m. *There is an interim dividend of* 0.67p and the company intends to recommend a final of at least 1.23p—there was a single final payment last year of 0.1p.

Jas. Neill forges ahead with 81% rise halfway

A BETTER performance by the UK subsidiaries of James Neill Holdings, engineer and hand tool manufacturer, helped it to continue its recovery by raising pretax profits 81 per cent to £2.5m in the six months to June 30, 1985, compared with £1.38m in the first half of last year.

Sales by its overseas subsidiaries rose marginally but operating profits are down 44 per cent to £158,000 (£283,000) because of the impact of currency movements, says Mr. Hugh Neill, chairman.

Earnings per share were more than doubled at 12.8p against 6.2p and the interim dividend is being raised to 2.5p compared with 1.5p.

Mr Neill says the home market *demand for tools, especially in* the engineering field, remains fragile and the strength of sterling inevitably makes export sales more difficult.

"However, the board remains confident of the outcome of the *current* financial year," he says.

The group, based in Sheffield, has been undergoing a slimming operation and he says the relocation of its manufacturing in the city should be complete by the end of the year.

Total home and overseas sales were up to £27.33m (£26.82m), less the transfer to overseas companies of £2.34m (£2.16m). *Exports fell slightly to £7.98m* (£8m). Overseas companies' sales rose to £6.46m (£6.41m) and Home sales rose 4.5 per cent to £15.25m (£14.59m).

Group operating profits were up to £3m (£1.77m) including a 94 per cent rise in the profits of UK companies to £2.88m (£1.48m). Interest charges took £531,000 (£387,000) and tax £208,000 (£262,000), leaving a profit of £2.3m (£1.12m) on ordinary activities. The profit includes a £279,000 saving in pension fund contributions.

There was an extraordinary debit of £946,000 (£952,000) for *reorganisation and an extraordinary* credit of £563,000 (nil) from the sale of land and buildings.

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● comment

James Neill's profit and dividend were both a little better than *expected* and *found a* warm response in the market, nudging the shares up 6p during the day to 152p. This was no thinks to the group's overseas companies, whose contribution nearly halved to a miserable £158,000 on sales of £6.5m: although sales rose by 12 per cent in local currency terms, they fell victim to adverse shifts in exchange rates. The UK, however, saw a *doubling* of operating profit, partly through the success of James Neill's venture into DIY tools which has produced £2m of sales in the year since it started last September, and partly through the *group's vigorous cost-cutting.* Productivity has risen from an annual output of £23,800 per person to £27,900 in the year to June and continues its upward trend. Meanwhile the relocation programme, now approaching completion, is eating away at the overheads. The second half is usually stronger than the first and many of the cost savings made have yet to show through, but the disruption caused by relocation suggests a cautious guess at £5m for the full year. After a 15 per cent tax charge, the shares look modestly priced on a prospective p/e ratio of 6.

Retail expansion trims Cattle's profits advance

Cattle's (Holdings) has started the year with a 33 per cent increase in pre-tax profit on a rise in turnover of 24 per cent. And the directors say the figures would have been better but for the cost of opening 24 Rosebys stores being borne in the period and the increased cost of borrowing.

In the six months to the end of June 1985, the Hull-based financial services and retailing group made taxable profits of £1.11m (£835,000) with turnover ahead by £8.4m to £43.5m. From earnings per 10p share of 1.5p (1.22p), the interim payment is being raised to 0.725p from 0.6p. Last time there was a total payment of 1.5p from taxable earnings of £1.95m.

The directors say they are extremely pleased with the progress of the first half and with the prospects for the second half, particularly taking into account the recent dowoward trend in interest rates.

They add that Rosebys produces most of its profits in the second half

THE PROPERTY MARKET BY MICHAEL CASSELL

Trafford Park awaits bid

OWNERSHIP of 2.5m sq ft of secondary industrial floorspace in Manchester, already awash with unwanted accommodation, may not constitute the 1985 property market's most glittering prize but the prospect is clearly attractive enough to prompt a potential bidder into making advances to Trafford Park Estates.

This week's disclosure by the directors of an approach from a mystery suitor, which could lead to a full-scale bid, puts the spotlight on a company with a proud past and a useful, if unexciting, record of profit and dividend growth.

Formed to pioneer industrial estate development around Manchester towards the end of the last century—it had a Stock Exchange quotation by 1890—Trafford Park's activities played a big role in establishing the city as the industrial capital of the north west.

After its public debut, however, the company was enveloped in scandal and a share collapse saw Baring Brothers, the merchant bankers, playing the City gentlemen by stepping in and repaying shareholders at the flotation price. Barings, through Outwich Investment Trust, still hold just over 5 per cent of the equity and are retained as one of the company's bankers. Nick Toosey, a Liverpool-based chartered accountant is Barings' local representative on the board.

Trafford Park's recent history has been less colourful and, under Neil Westbrook, the chairman and chief executive, the company has been steadily reducing its dependence on the vulnerable Manchester estate, which for good measure still operates a private, loss-making railway. Even so, the company has purchased useful development sites within the Trafford Park enterprise zone, where it has been concentrating on the development of small industrial units.

Today, the company also owns a total of around 1m sq ft of mixed commercial space in centres like Hereford, Sunderland, Wakefield and Cambridge, where it is developing 268,000 sq ft of office and high-tech floorspace. At the end of 1984, it purchased a £3.4m portfolio of industrial, office and retail investments in Bristol and Avonmonth from the County of Avon Superannuation Fund. In the year ended June 1984, net rental income reached £3m and pre-tax profits amounted to £2.4m. In the year just ended they are likely to have risen to over £2.6m.

When Westbrook arrived about 20 years ago, the only property actually owned by the company was its office building, with everything else on perpetual ground rents. The last outside valuation, conducted in 1983 by Healey and Baker, valued the investment portfolio at £26.25m. A directors' update in June 1984 threw up a net asset value of 233p per share. After news of the possible bid, Trafford Park's shares rose from 207p a week ago as high as 240p, giving it a market capitalisation of about £25.5m.

Westbrook says that, under his guidance, most of the recent emphasis has been on employing profits to build up the rental portfolio, rather than "pumping up by selling off property assets." With about 18 months to go before retirement, he reckons he can be just about as impartial as anyone in the company can be when it comes to evaluating any forthcoming bid.

He adds: "We will have to see how any offer compares with our evaluation of the company's worth but we are not automatically opposed to any outside approach. I usually get one about every three months and it remains to be seen if the latest is more interesting than the rest."

None of the directors themselves have a significant shareholding in the company — with around 300,000 of the 10.6m issued ordinary shares, Westbrook has the largest stake — and, apart from Barings, the only other significant holdings involve Britannic Assurance (12.1 per cent) and Largs (8.4 per cent).

Largs is the Manx-based investment company run by John Whittaker and which holds a near-50 per cent stake in Peel Holdings, the rapidly expanding retail development specialist where Whittaker is chairman. Peel is known to be on the takeover trail and has one or two quoted companies in its sights. It would not be surprising if one of them was Trafford Park, given land holdings which would provide plenty of scope for the creation of the next generation of Peel superstores and retail parks.

Expansion plan for Ransomes at Ipswich

RANSOMES Property Developments, a subsidiary of Ransomes Sims & Jefferies, the Ipswich-based engineering group, has won outline planning consent for a 30-acre, mixed commercial development on part of the 120-acre site it owns in the town.

The decision follows Ransomes' successful completion of a first, 20-acre phase and its letting to tenants like Debenhams, Volvo, Marks & Spencer and British Telecom. Funding for earlier stages was provided by Bass Charrington and Schroeders while Ransomes has itself financed some nursery unit development on site.

No single funding partner is being lined up for the next phase and Ransomes, whose own operations cover around 130 acres of adjoining land, is prepared to offer a wide range of leasing-purchasing options to occupiers. The company says it has a serious inquiry for an eight-acre site from a high-tech business and that it eventually envisages some retail warehousing operations on the land.

A marketing campaign for the next phase is to start at once and will extend to Scandinavia and the Netherlands as Ransomes believe the site is ideally situated for overseas companies, given its proximity to Felixstowe—the UK's largest container port. The estate is being renamed Ransomes Park.

● Save & Prosper says that property is again becoming an attractive investment medium, with good prospects for increases in both rental income and capital values. The annual report for Save & Prosper's Property Fund shows that it produced an inflation-beating increase of 11 per cent in its offer price in the 12-month period up until June this year.

S & P says the retail market—to which about 60 per cent of the portfolio is committed—still looks increasingly attractive, with continuing strong demand from tenants and investors. The report adds: "At a time when the outlook for many other forms of investment is less favourable than over the past several years, the attributes of direct property, which is not subject to the vagaries of stock market sentiment, continue to be more widely recognised."

● Peel Holdings has let its 30,000 sq ft DIY development in Barnsley to Great Mills (RMC Homecare) on a 25-year lease at an initial rent of £35,000 a year. The site was purchased for $400,000 and a pre-Christmas opening is planned. Peel is also planning new DIY stores in Tunbridge Wells, which it has agreed to let to Texas Homecare, in Tonbridge, Kent, and in Glasgow.

U.S. boom continues

THE U.S. office building boom continues to defy record-breaking vacancy rates in most of the nation's major commercial centres, according to new statistics published this week.

The latest report from The Office Network, a nationwide real estate broking and investment services organisation, shows that the U.S. office vacancy rate, after climbing continuously from around 5 per cent in 1980, is now levelling off at 16.3 per cent. But at the same time, office construction continues to beat all previous records, with 177m sq ft of accommodation under way, a level exceeding the 1981 high of 165m sq ft.

The survey, which only includes office projects of over 20,000 sq ft and also excludes government and medical office buildings, points out that two-thirds of the construction activity is occuring in suburban markets, which will provide nearly 60 per cent of the nation's office space by the time the latest wave of development is complete.

Absorption rates for office floorspace are, however, also running at very high levels, with just under 76m sq ft being taken up by occupiers in the last twelve months. The last record was set in 1981, when take-up reached 61m sq ft. But although available office space is running at nearly five times that level, the report says national average rents rose by nearly 4 per cent over the first half of 1985

Major projects get docklands go-ahead

THE pace of construction activity in London docklands is set to increase further following announcements this week on two major developments worth nearly £150m.

Despite a planning inspector's recommendation that they should be refused, the Secretary for the Environment has granted outline planning consent for two competing development projects proposed for land at Limehouse Basin.

It was also announced that the biggest office project yet seen in docklands is to go ahead within the Isle of Dogs enterprise zone.

The Limehouse Basin proposals, which went before a public inquiry last year after objections from the Greater London Council and Tower Hamlets council, were put forward by the British Waterways Board and Hunting Gate Homes, in competition with a scheme submitted by Grosvenor Estate Commercial Developments and Wates Built Homes. British Waterways owns the site in question and has the support of the London Docklands Development Corporation.

The BWB plans envisage the development of extensive housing, around 100,000 sq ft of offices, shops, restaurants and a marina.

The inquiry inspector rejected both applications because of their scale and impact on the local environment but the Minister decided that the benefits of both schemes outweighed any problems they might create within the area.

Given its ownership of the land and the pledged support of the LDDC, the Waterways-Hunting Gate project must now be the hot favourite to proceed and the partnership is expected to seek detailed consent for a scheme which could cost around £70m.

Meanwhile, the recently-formed property development arm of Marples International, now part of Consolidated Gold Fields, has pipped other potential developers to the post in purchasing a five-acre site in the heart of the enterprise zone. Existing buildings on the site were scheduled for refurbishment but when it became clear that the proposal was unviable, Marples came up with a redevelopment plant acceptable to the Corporation. The land changed hands, through Grant and Partners, without an open market tender taking place.

Now Marples plans a 330,000 sq ft speculative office scheme, on which work will start in October. The first, 125,000 sq ft net phase of the Siefert-designed project is expected to cost around £16m and is being funded by U.S.-based National Leasing and Finance Company and Security Pacific International Leasing. They are providing interim and long-term finance but will not be occupying any of the developed space.

Company Notices

MELLON BANK NA

US$250,000,000 FLOATING RATE SUBORDINATED CAPITAL NOTES DUE NOVEMBER 1996

Notice is hereby given that for the period August 30th 1985 to November 29th 1985 the Notes will carry an Interest Rate of 8¼ per cent per annum. Interest payable on November 29th 1985 will be US$1,042.71 per US$50,000 Note.

CHEMICAL BANK
as Agent Bank

Company Notices

AIRLEASE INTERNATIONAL FINANCE LIMITED

US$30,000,000 8¾% GUARANTEED BONDS 1988

Notice is hereby given that, in accordance with the Conditions of the Bonds, 1,885 Bonds each of $1,000 principal amount have been drawn for repayment at their principal amount on the 1st October 1985 in full settlement of the instalment of the sinking fund due 1st October 1985, the balance having been purchased for cancellation. From that date, interest on the Bonds so drawn will cease to accrue; their definitive numbers are as follows:—

123	271	2737	5595	7074	8690	9858	11788	14771	17659	23384	25491	28231
124	272	2772	5603	7105	8711	9863	11789	14772	17662	23385	25492	28232
125	273	2808	5609	7112	8716	9864	11790	14773	17692	23386	25493	28233
126	274	2830	5614	7124	8721	9865	11791	14774	18596	23387	25494	28234
127	275	2876	5616	7125	8722	9866	11792	14775	18597	23388	25495	28235
128	276	2878	5625	7135	8723	9876	11817	14776	18598	23389	25506	28237
129	277	2888	5630	7138	8728	9882	11827	14777	18599	23390	25531	28238
130	278	2903	5631	7143	8762	9902	11828	14778	18600	23391	25535	28239
131	279	2913	5637	7150	8767	10022	11832	14779	18703	23392	25923	28240
132	280	2932	5643	7168	8787	10023	11847	14780	18704	23393	25924	28241
133	281	2948	5655	7182	8788	10024	11872	14781	18705	23394	25925	28243
134	282	2979	5676	7206	8789	10025	11887	14782	18706	23395	26081	28244
135	283	3009	5677	7210	8792	10026	12158	14788	18708	23396	26082	28245
136	284	3022	5699	7238	8793	10027	12159	15575	18709	23397	26084	28246
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
261	2437	5503	6996	8650	9773	11779	14291	17596	23372	25316	27577	29679
262	2444	5531	7014	8651	9774	11780	14292	17597	23373	25317	27590	29992
263	2529	5540	7031	8652	9775	11781	14308	17598	23374	25318	27620	29993
264	2561	5541	7032	8653	9777	11782	14353	17599	23376	25319	27643	29994
266	2565	5546	7033	8654	9821	11783	14368	17600	23377	25320	28226	29995
267	2649	5556	7034	8655	9824	11784	14767	17601	23378	25321	28227	29996
268	2664	5567	7035	8656	9835	11785	14768	17622	23379	25334	28228	29997
269	2677	5570	7048	8661	9855	11786	14769	17626	23382	25489	28229	29998
270	2693	5586	7061	8681	9856	11787	14770	17638	23383	25490	28230	29999

The Bonds were drawn in the presence of Miss E. F. A. Fogan, Notary Public and Mr. R. C. Underdown, Kleinwort, Benson Limited, 20 Fenchurch Street, London EC3P 3DB.

On or after 1st October 1985, the above Bonds may be presented for redemption at their principal amount at the specified offices of the paying agents appointed as mentioned in the Conditions of the Bonds. Each of the above Bonds, when presented for redemption, must be accompanied by all the Coupons maturing after the redemption date. If such Coupons are not attached, the amount of the missing unmatured Coupons will be deducted from the sum due for payment. The Coupons due on 1st October 1985 should be presented for payment in the normal manner.

30th August 1985

Airlease International Finance Limited

6.45 Mary O'Hara and Friends. 7.15 "Botany Bay," starring James Mason. Chips. 11.45 Reflections. 11.50 Golf. Scotsport. 6.00 Wild Heritage. 5.30 Hart. 11.45 That's Hollywood. 12.15 am Company. Challis (S). 3.00-4.00 Gloria Hunniford Presents Two's Best (S). Shipping Forecast.

FT COMMERCIAL LAW REPORTS

Digest of Trinity Term cases

FROM JULY 26 TO AUGUST 21, 1985

Fairclough Building Ltd v Rhuddlan Borough Council (FT, July 26)

When the subcontractors, who were nominated to build a swimming pool in a leisure complex, withdrew from the site, the main contractors objected to the employers' renomination on the grounds that: (a) the completion date on the subcontract overran the main contract's completion date and (b) it did not cover remedial work. The Court of Appeal upheld a decision that the contractors could reasonably object to a subcontractor who did not offer to complete his part of work within the overall completion period. Similarly, if the employer did not provide for the new subcontractor to carry out the remedial work, he had not carried out his renomination obligation.

★

The Zephyr (FT, July 30)

A broker, when obtaining signatures on a reinsurance slip, indicated to the leading underwriter that the risk was likely to *sign down to not more than one third.* It had signed down only to 88.48 per cent when liability arose. A subsequent underwriter, from a different syndicate, claimed damages for breach of the broker's duty of care, and was successful at first instance. The decision was overturned in the Court of Appeal on the ground that no signing down indication had been made to subsequent underwriters. The court expressed doubts as to whether a broker owed a duty of care when giving a signing down indication, but did not find it necessary to *decide the point.*

In a charterparty of the Notos, the discharge port was named as "one safe sea-line Mohammedia." Clauses 6 and 8 in the charterparty exonerated the charterers from liability for delay due to any "reason whatsoever over which the charterer has no control." At the time of notice of readiness to discharge, the swell was such that no vessel could use the only sea-line. In dismissing the owners' appeal in a demurrage dispute, the Court of Appeal held that as the sea-line was the only one at which the ship could have berthed, clause 6 applied when the charterers required the vessel to discharge there but it was unable to do so. When the Notos later had to leave the sea-line because of the swell the charterers were exonerated from all demurrage.

★

Midland Bank plc and Another v Laker Airways and Others (FT, August 2)

Mr Justice Leggatt misdirected himself in discharging an interlocutory injunction restraining Laker's liquidator from suing the Midland Bank in the U.S. under its *anti-trust legislation, the* Appeal Court held. Unlike the case of British Airways and British Caledonian, where the airlines had voluntarily submitted *to American law including* its anti-trust law, Midland had no relevant presence in the U.S. at the time of the Laker collapse. Its connection with Laker arose from banking transactions in England which were governed by English law, and were intended to be so governed.

★

Ellis v BP *Oil Northern Ireland* Refinery Ltd; Ellis v BP Tyne Tanker Co Ltd; (FT, August 6)

In computing its liabilities to corporation tax, BP calculated that it would pay to renounce its claims to capital allowances, either wholly or in part. The tax inspector, on the other hand, held that BP was obliged to credit the allowances in full. In dismissing the inspector's appeals against a decision of the Special Commissioners, Mr Justice Walton said that corporation tax legislation did not affect the fundamental premise of income tax practice that the taxpayer, in making his claims, could elect to take as much or as little of the capital allowances as he pleased.

★

The Myrto (No 3) (FT, August 7)

When *the Myrto* was sold under court order in 1977, the costs of discharging the cargo fell initially on the ship's mortgagee while the cargo-owners guaranteed to reimburse him should they eventually be found liable. In a subsequent test case, the cargo-owners were held liable, and the writ against them was extended. Four of the *140 cargo-owners applied for the* extension to be set aside. The Admiralty Registrar refused and Mr Justice Sheen dismissed an appeal from his decision. He said that the circumstances were wholly exceptional in that the mortgagee had stayed his hand because he hoped that all the defendants, who had guaranteed payment, would pay voluntarily.

★

Bourgoin SA and Others v Ministry of Agriculture, Fisheries and Food (FT, August 9)

The Court of Appeal held that the Minister of Agriculture's decision to prohibit the import of French turkeys into the UK, in breach of Article 30 of the EEC Treaty, did not give rise to an action for damages by the French turkey producers. Where the decision was made by a Minister in good faith, English law afforded a right to judicial review to anyone with sufficient interest. Lord Justice Oliver, dissenting, said that if public policy prevented the ordinary remedy of damages for breach of an article of the EEC Treaty, a plaintiff would receive inferior protection to that provided by domestic law.

★

—Mark Rowlands Ltd v Berni Inns and Others (FT, August 13)

Under their lease, the Tenants, Berni Inns, were required to contribute to the cost of insurance which was taken out in the landlords' name. The premises were destroyed by fire and the landlords sought to bring an action against the tenants for negligence, and for the insurers to recover damages by subrogation. In dismissing the landlord's appeal, Lord Justice Kerr said the intention of the parties was that the tenant should have an interest in the insurance and in the event of fire, whether caused by negligence or by accident, the landlords' loss was to be recouped from the insurance money and they were to have no further claim against the tenants.

★

Regina v Registrar of Companies, ex parte Esal (Commodities) Ltd (FT, August 14)

The courts must refuse to entertain matters in respect of which Parliament, by clear words or necessary implication, had enacted that they should not have jurisdiction, Lord Justice Lawton said when allowing an appeal by the Registrar of Companies on the conclusiveness of his certificate of registration of a charge registered by Esal. At first instance, the judge had allowed evidence that particulars of the charge had been delivered out of time. Section 98 of the Companies Act 1948 stated that the Registrar's certificate was "conclusive evidence" of compliance with the Act's requirements so that any evidence to the contrary was inadmissible, the Appeal Court held.

★

Esal (Commodities) Ltd, Reltor Ltd v Oriental Credit Ltd and Wells Fargo Bank NA (FT, August 16)

Summary judgment against Oriental Credit Ltd and Wells Fargo NA for $512,300 each, was granted in favour of Wells Fargo and Banque de Caire respectively under a performance bond in a contract for the sale of sugar between Reltor and Estram, an Egyptian corporation. Banque de Caire, which was Oriental's correspondent bank acting for Reltor, undertook to pay on the bond unless Reltor failed "in perfect performance." In upholding a decision against granting leave to defend, the Appeal Court stated that Banque de Caire's refusal to pay had resulted in proceedings before an Egyptian tribunal which rejected its submission that the validity of the demand to honour the bond depended on an accompanying statement that the supplier had failed to execute the contract. The award of that tribunal was final and binding.

★

Phoenix General Insurance Co of *Greece SA v Halvanon Insurance* Ltd (FT, August 20)

Phoenix, a Greek company which was authorised to carry on aviation insurance business in London, negotiated certain contracts with the defendant reinsurers for "aviation contingency slips," which did not fall within the scope of Phoenix's authority. As a result, Phoenix *inadvertently committed* a criminal offence under the Insurance Act 1974. The reinsurers sought to avoid the reinsurance claims. Finding for the reinsurers and following the *Bedford Insurance* case, Mr Justice Hobhouse said that an insurance company should not be surprised if, having chosen to engage in unauthorised business, it was unable to turn to the courts for assistance.

★

Dallal v Bank Mellat (FT, August 21)

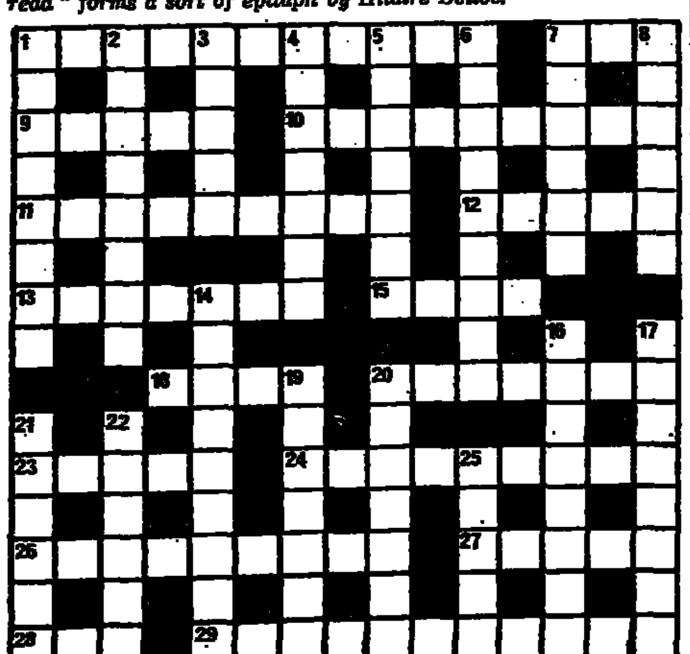
In a majority award, the U.S.-Iran Tribunal at the Hague dismissed Mr Dallal's claim against Bank Mellat, the successor to the International Bank of Iran. He now sought to commence proceedings in the UK against the bank which had assets within the jurisdiction. In granting the bank's application *to strike out* his writ and *statement* of claim, Mr Justice Hobhouse said that there could be no warrant for the English courts to fail to recognise a tribunal which had been set up by two sovereign states to determine disputes between their nationals and to which Mr Dallal had chosen to resort in the first instance.

FT Commercial Law Reports will resume on October 15.

Aviya Golden

F.T. CROSSWORD PUZZLE No. 5,808

Of the across solutions "1, 9, 29, 28, 15, 18, 20, 7, 28, 27, 18 read" forms a sort of epitaph by Hilaire Belloc.



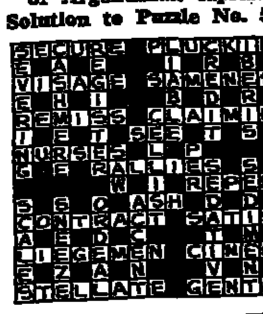
ACROSS

1 Post compiler's mortem? (4, 1, 2, 4)
7 Bath, return: you need qualification (3)
9 Expression of optimism about dance, that is (1, 4)
10 Have meal easily adapted for petitioner (9)
11 Number arranged by me for line from Shakespeare play (9)
12 Pub with heating beside U.S. railroad (5)
13 Object to painting student in diamonds? (7)
15 See 28
18 The FT's a kind of wolf (4)
20 Colour of little old wound? (7)
23 Island of historic or future importance (5)
24 Entrust a joint to a responsible group (9)
26 Go to the country or act it out in a trick (9)
27 About all right—the other way, weep volumes! (5)
28, 15 Talkin's like a snake's what he's done wrong (3, 4)
29 Possible comment made by sea, I admit (2, 3, 2, 4)

DOWN

1 What about measurement of thrush's cousin? (8)
2 Awful thing—could be the Tory in me! (8)
3 Girl of peace, one with French boy (5)
4 Weapon sounding like thrush in U.S. (7)
5 Fast on purpose, say (7)
6 Where Oracle was in a mess, making rare bloomers (9)
7 Sort of spot before sleep or after sleeping? (6)
8 Do lacework, outlet for gossip (6)
14 Italian composer (angel in Italian) (9)
16 Large quantity, mixture of part and hole! (8)
17 Emphasised when fruit, etc., turns up (8)
19 Cry for what was formerly staked? (7)
20 Fine and warm—sounds brief! (7)
21 Reptiles getting uplift on heroin go very fast (6)
22 Vital moment — call aloud for sister (6)
25 Inspire one thousandth part of Argentinian capital? (5)

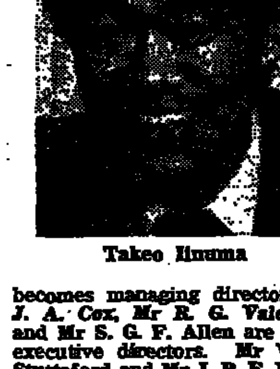
Solution to Puzzle No. 5,807



APPOINTMENTS

Mitsubishi UK post

Mr Takeo Iinuma has been appointed joint managing director of MITSUBISHI ELECTRIC UK, following the return to Japan of the company's founding managing director, Mr Yuzo Tominaga. Mr Iinuma, currently director responsible for electronics, will oversee sales and marketing, alongside joint managing director Mr Yoshio Noguchi who directs the Scottish manufacturing operations. Mr Tominaga, who established the company seven years ago, will be responsible for marketing consumer and industrial goods in Europe, Africa and the Middle East, at Mitsubishi Electric Corporation's Tokyo headquarters. Mr Iinuma came to the UK in 1979 to manage construction of the third aerial system at Madley for British Telecom International. He has been director of the electronics division of Mitsubishi Electric UK since 1983.



Takeo Iinuma

★

Mr Brian Often, marketing director of Threshers Wine Merchants, will be joining HARRIS INTERNATIONAL MARKETING in October.

★

Mr Peter R. Welham, publishing director of the computer and electronics division, has been appointed managing director of ARGUS SPECIALIST PUBLICATIONS from September 1. Before joining ASP earlier this year he was *editorial director* of Surrey and South London Newspapers Limited, a sister company within the Argus Press Group. Mr Philip Chapman, publisher, has been appointed to the board of Argus Books. Argus is part of the BET Group.

★

Following the purchase of EAST ANGLIAN SECURITIES TRUST, a Norwich-based licensed deposit-taker, by a consortium of institutional and private investors, the following board changes have taken place: Mr J. N. Butterwick, Mr W. Le G. Jacob, Mr A. H. Catchpole, Mr R. J. Ellert, Mr A. T. Jackson, Mr D. S. McCall and Mr J. H. Murray have all resigned. Mr D. H. Cargill has been appointed deputy chairman; Mr C. J. Watt becomes managing director; Mr *J. A. Cox, Mr R. G. Valentine* and Mr S. G. F. Allen are made executive directors. Mr W. R. Stuttaford and Mr J. P. F. Mason join as non-executive directors.

★

PRIME COMPUTER (UK) has appointed Mr Tim Kemp as UK director of human resources.

★

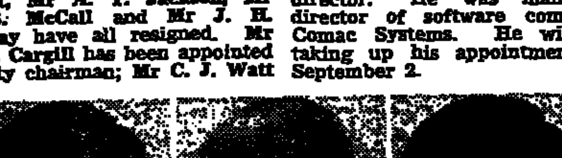
Dr Andrew Robinson has been appointed head of industrial promotion for the NORTH OF ENGLAND DEVELOPMENT COUNCIL. He succeeds Dr John Bridge, who left NEDC recently to become director of the Yorkshire and *Humberside* Development Association.

★

Mr Peter J. Cropper has been appointed managing director designate of STANDARD TELECOMMUNICATION LABORATORIES (STL). He is taking over at the end of October from Mr B. D. Mills, who is retiring. Since 1980 Mr Cropper has directed the activities of STC IDEC an STC company responsible for systems and software.

★

Mr William S. Talford will be joining CIFER to fill the currently vacant post of managing director. He was managing director of software company, Comac Systems. He will be taking up his appointment on September 2.



Mr Hugh Try has been appointed chairman and managing director of W. S. Try (Holdings), parent company of the Uxbridge-based Try Construction Group. Mr Try, a former president of the Chartered Institute of Building, succeeds Mr W. L. Try, who has retired following 60 years' service with the company. Mr Mike Davis takes the new post of group marketing manager and Mr Chris Magee becomes commercial executive for W. S. Try, main contracts division of the group.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	63.3	67.3	+0.5	3.40
Accum Units	93.5	99.5	+0.7	3.40
Pearl Inc.	89.5	95.2	+0.4	4.99
Pearl Unit Tst.	93.3	99.3	+0.7	4.11
(Accum. Units)	157.8	167.9	+1.1	4.11

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	182.3	195.7	+0.8	1.82
Income	140.1	150.0	+0.6	5.36
Worldwide Recovery	103.3	110.9	+0.5	2.15
American Growth	55.9	60.0	+0.1	0.71
Intl. Emerging Cos.	58.7	63.0	+0.2	0.74
Far East Growth Fd.	46.3	49.7	....	1.0

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	99.9	107.0	-1.0	0.29
Prolific Extra Inc.	62.0	66.0	+0.3	6.11
Prolific Gilt Cap.	84.1	87.5	+0.6	3.14
Prolific High Inc.	131.4	139.8	+0.8	5.36
Prolific Intl.	81.9	87.7	+0.3	1.76
Prolific N. Amer.	114.6	122.8	+0.2	2.52
Prolific Spec. Sits	142.1	151.2	+0.6	1.45
Prolific Technology	98.5	105.9	+0.1	0.97

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	48.8	51.7	-0.2	—
Worldwide	47.3	50.1	....	2.82
European Trust	50.2	53.2	-0.1	2.17
North American	47.8	50.6	+0.7	2.04
UK Equity	49.8	52.8	+0.3	3.99

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL. 01-478 3377

Holborn Equity Tst.	324.3	345.0	+1.9	3.62
Holborn Gilt Tst.	156.4	162.4	+0.1	7.36
Holborn High Inc.	55.6	59.1	+0.3	6.83
Holborn Intl.	60.1	63.9	+0.2	0.52
Holborn UK Growth	63.8	67.8	+0.4	3.27

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd.	322.9	343.9	....	3.73
Quadrant Income	176.5	187.5	....	6.01
Quadrant Intl. Fund	288.2	303.4	....	1.57
Quadrant Recovery	200.6	213.4	....	2.69

Reed Stenhouse Inv Services Ltd
145 Borough High St, Ldn SE1 1NY 01-628 6011

Wellington Inc.	50.3	53.4	+0.8	6.00
Wellington Growth	104.7	111.4	+1.9	2.00

Reliance Unit Mgrs. Ltd.

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	90.1	95.9	+0.2	1.52
Do. Accum.	93.9	99.9	+0.2	1.52
TSB Extra Income	82.7	88.0	+0.4	6.48
Do. Accum.	95.2	101.3	+0.5	6.48
TSB General	120.1	127.7	+0.6	3.39
Do. Accum.	194.5	206.9	+1.1	3.39
TSB Gilt & Fxd Int.	47.3	49.3	+0.1	9.39
Do. Accum.	58.1	60.6	....	9.39
TSB Income	164.7	175.3	+0.9	5.03
Do. Accum.	248.4	264.3	+1.3	5.03
TSB Pacific	100.1	106.5	-0.5	0.62
Do. Accum.	102.6	109.2	-0.5	0.62
TSB International	223.8	238.1	....	1.89
Do. Accum.	272.4	289.8	....	1.89
TSB Natural Resources	44.9	47.8	+0.1	2.11
Do. Accum.	45.4	48.3	+0.1	2.11
TSB Stand. Opps.	47.1	50.2	+0.1	2.50
Do. Accum.	50.6	53.9	....	2.50

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	65.3	69.8	....	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	64.3	68.8	+1.1	0.27
Australia	29.6	31.6	+0.2	0.10
Commodity	87.0	93.5	....	2.00
Energy	40.0	42.8	+0.4	0.32
Equity	99.9	106.6	+0.8	3.82
European Spec. Sits	54.5	58.3	+0.4	0.63
Extra Income	89.8	96.2	+0.4	8.47
Financial	207.8	221.7	-0.9	2.57
Gilt Capital	223.0	233.5	+0.2	3.25
Gilt Income	100.8	105.5	+0.1	8.61
Gold Income	60.3	64.5	+1.4	1.82
Gold Acc.	109.2	116.6	+2.5	1.82
Income	60.5	65.1	+0.6	4.77
Japan	43.8	46.7	-0.2	0.10
Malaysia & Singapore	22.0	23.5	—	0.19
Pacific Income	60.9	65.1	....	0.52
Pacific Re Inv.	74.6	79.8	....	0.52
Preference Share	15.8	17.1	....	10.18
Professional	488.2	521.7	-1.6	2.11
Special Sits	80.2	85.8	....	1.16
Technology	40.9	43.7	+0.2	0.10
U.S. Special Bond	49.2	52.5	-0.1	6.42
Worldwide Capital	108.3	115.5	+0.4	1.83
Equity Exempt July 30	632.2	674.3	....	2.43
Equity Ex Acc July 30	1,161.9	1,239.4	....	2.43

Temple Bar Unit Trust Mgrs Ltd
P.O. Box 442, 32 St Mary-at-Hill, EC3. 01-623 9333

Electra Small Cos. Fd.	117.7	124.2	....	4.16
High Income	41.6	44.6	+0.2	7.33
North American	100.8	107.3	-0.6	0.99

Ridgefield Management Ltd.

N.M. Rothschild Asset Management

Touche, Remnant Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Rowan Unit Trust Mngt. (a)

Transatlantic and Gen. Secs. (c) (y)

Royal Life Fd. Mgmt. Ltd.

Tyndall Managers Ltd.(a)(b)(c)

Royal London Unit Tst Mgrs Ltd

Royal Trust Can. Fd. Mgt. Ltd.

SKG Management Limited

Save & Prosper Group

Unit Trust Account & Mgmt. Ltd.

Vanguard Trust Managers Ltd.

Wardley Unit Trust Managers Ltd (a)

Schroder Unit Trust Managers Ltd.

Waverley Asset Management Ltd (a) (c) (g)

WestAcre Unit Trust Managers Ltd(a)(c)

Whittingdale Unit Trust Managers

Wright Seligman Fund Managers Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Life Investments

Scottish Mutual Investment Managers Ltd.

Scottish Provident Inv. Mgt. Ltd.

Scottish Unit Managers

Scottish Widows' Fund Management

Standard Life Trust Mgmt. Ltd.

Stewart Ivory Unit Trust Mgrs Ltd.(a)

Sun Alliance Fund Management Ltd.

Sun Life Trust Mgmt. Ltd.

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)

INSURANCES

AA Friendly Society

Abbey Life Assurance Co. Ltd.

Actna Life Insurance Co. Ltd.

Albany Life Assurance Co. Ltd.

Allied Dunbar Assurance PLC

Ambassador Life Ass. Co. Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

British National Life Assurance Co. Ltd

Canada Life Group

Cannon Assurance Ltd.

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd.

Colonial Mutual Group

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass. Ltd.

Criterion Assurance Group

Crown Financial Management Ltd.

Crusader Insurance PLC

Dominion Financial Management

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd.

Framlington Life Insurance Ltd.

Friends' Provident Life Office

G.T. Management Ltd.

General Accident Linked Life Assurance(x)

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. PLC

Gresham Unit Assurance Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Imperial Life (UK) Ltd.

Irish Life Assurance Co. PLC.

The LAS Group

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General (U.A.)—Contd.

Legal & General Prop. Fd. Mgrs. Ltd.

Liberty Life Assurance Co Ltd

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd

London Life

London & Manchester Group

M & G Group

MGM Assurance

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Pensions Ltd.

National Mutual Life

National Mutual of Australasia

National Provident Institution

New Zealand Insurance PLC

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Premium Life Assurance Co. Ltd.

Property Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assur. Co. Ltd.

Provident Life Assoc of London Ltd

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co. Ltd.

Prudential Assurance Co.

Prudential Pensions Limited

PSS Fund Management Ltd.

Reliance Mutual

Royal Life Insurance Ltd.

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Sports — Outlook. 2.30 Film: Scotsport. 5.00 Wild Heritage. 5.30 Hart. 11.45 That's Hollywood. 12.15 am Challis (S). 3.00-4.00 Gloria Hunniford Presents Two's Best (S). 12.00-12.15 am News. Shipping Forecast.

8.45 Mary O'Hara and Friends. 7.15 "Botany Bay," starring James Mason. Chips. 11.45 Reflections. 11.50 Golf Company.

girl—show, perhaps (9) London NW11.

INSURANCE, OVERSEAS & MONEY FUNDS

Arbuthnot Securities (C.I.) Ltd. (a)(c)(b)
P.O. Box 428, St. Helier, Jersey 0534 76077

Dollar Income Tst U'	$1.056	1.107		10.84
Gov t Secs. Tst	75.8	79.5	+0.1	12.59
Yen Bond* Sept 5	Y199	210		5.71
Sterling Fxd Sept 4	184.1	184.2	..	—
Japan Growth* Sept 5	55.5	58.3		0.44

Next dealing *Sept. 3 †Aug. 28.

Aries Fund Managers Ltd.
PO Box 443, St Helier, Jersey. 0534 75141

GB Fd	£9.90	10.71	−0.08	—
Dollar Fund	$10.53	11.09	+0.13	6.69
Sterling Fxd Interest	£9.78	10.30	+0.03	9.60

B.I.A. Bond Investments AG
10, Baarerstrasse CH6301, Zug, Switzerland

Barer Std July 30	SF10.925	11.500		—

BNP Inv Mgmnt (Jersey) Ltd
PO Box 158, St Helier, Jersey 0534 76011

BNP Intercurrency Fund Ltd

U.S. Dollar	$10.02	—		—
Sterling	£10.03	—		—
DMarks	DM30.22	—		—

BNP Intercurrency Fund Ltd

North American	$9.61	10.00		—
Far East	$9.58	9.98		—

Julius Baer Bank & Trust Co Ltd
Butterfield House, Grand Cayman

Liquibaer J. Baer SFd	$1.338	1.339	+1	—

Bamford Brandt Guernsey Mngt. Ltd.
PO Box 71, St Peter Port, Guernsey 0481 26541

Tech and Comm.	£7.52	7.99	+0.16	—
Pac. Basin Fund	$32.67	34.66	+1.49	—

Bank of America International S.A.
35 Boulevard Royal, Luxembourg GD

Worldinvest Inc	$129.57	130.23		8.08

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$31.81	—	+0.08	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd.	$13.42	—	−0.17	—

Inv. Adv. M & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$9.22	—	−0.01	—
Dynamic Gwth Fd.	$8.28	—	−0.01	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund				
77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.55	—	—	3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST 01-236 0952				
Call Fnd	11.75	8.79	13.04	6-mth
7-day Fnd	11.59	8.67	12.86	6-mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.70	8.75	12.89	6-Mth
7-day Fund	11.66	8.72	12.85	6-Mth
Dollar	6.75	—	—	6-Mth
Money Mngt. Acct.	11.375	8.50	12.71	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Chr Acc	11.25	8.00	11.93	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.375	8.50	12.70	Qtr
Mth. Int. Chq.	11.25	8.41	12.68	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	10.85	8.11	12.01	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.0	8.25	12.32	Qtr
Britannia Investment Services Ltd.				
29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.13	8.33	12.34	Mth
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.23	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.75	4.75	4.85	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove 01-748 9251				
Cheque Plus	—	9.00	13.30	Qtr
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.00	8.97	13.26	Qtr
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	11.00	8.22	12.27	Qtr
Edward Manson & Co Ltd				
9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc	11.50	8.59	12.98	Mth
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	10.85	8.11	12.01	Mth
Lloyds Bank PLC				
71 Lombard St, London, EC3P 3BS. 01-626 1500				
HighIntCheque Account	11.25	8.25	12.16	Qtr
Lombard North Central PLC				
17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	11.500	8.596	12.280	—
M & G/Kleinwort Benson				
91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A	11.125	8.31	12.35	Daily
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 8655				
High Int Chq Acc	10.70	8.00	11.92	Qtr
Provincial Trust (formerly Choularton)				
30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
Cheque Acc	11.50	8.60	13.00	Mth
Royal Bank of Scotland plc				
24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	11.0	8.23	12.27	Qtr
Save & Prosper/Robert Fleming				
28 Western Rd. Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.96	8.20	12.20	Daily
Tyndall & Co				
29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	11.37	8.50	12.71	Qtr
Money Acc	11.20	8.37	12.50	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth 0705 827733				
Special Acc.	11.25	8.40	12.68	Mth
Over £10,000	11.50	8.60	13.00	Mth
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL1 1SE 0752 24141				
High Int Chq Acc	11.81	8.83	13.04	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‖ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	16	Marks & Spencer	11
BAT	32	Midland Bk	30
BOC Grp	25	NEI	8
BSR	16	Nat West Bk	60
BTR	52	P & O Dfd	36
Babcock	14	Plessey	17
Barclays	48	Polly Peck	26
Beecham	32	Racal Elect	18
Blue Circle	45	RHM	11
Boots	15	Rank Org Ord	32
Bowaters	20	Reed Intnl	50
Brit Aerospace	33	Sears	8
Brit. Telecom	11	TI	20
Brown (J.)	3	Tesco	20
Burton Ord	39	Thorn EMI	35
Cadburys	14	Trust Houses	13
Charter Cons	18	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
FNFC	8½	Cap Counties	18
Gen Accident	45	Land Secs	25
Gen Electric	17	MEPC	28
Glaxo	85	Peachey	22
Grand Met	25	Samuel Props	14
GUS 'A'	60	**Oils**	
Guardian	60	Brit. Oil & Min	4
GKN	17	Brit Petroleum	42
Hanson Tst.	17½	Burmah Oil	18
Hawker Siddl	38	Charterhall	6
ICI	60	Premier	5
'Imps'	18	Shell	60
Jaguar	28	Tricentrol	18
Ladbroke	24	Ultramar	19
Legal & Gen	50	**Mines**	
Lex Service	28	Cons Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds	25	Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Good weather and high prices lift tea output

BY OUR COMMODITIES EDITOR

TEA OUTPUT is continuing to boom in almost all the major producing countries, according to the latest monthly figures from the International Tea Committee.

In the first half of this year, production was substantially higher than in the same period of 1984 in North India, Bangladesh, Indonesia and Kenya.

Indian output, in particular, is expected to exceed this year's production target of 655m kg by a considerable margin, despite a slight drop in South Indian production, although there are fears that India may not achieve its export quota of 220m kg as a result of the belated scrapping of its minimum export price.

The only other significant exception to the rising trend is Sri Lanka, where production was slightly down.

The further rise in output marks a continued reaction to the high prices on the world tea market last year, resulting from the decision by India—the largest tea producer—to suspend tea exports and then to limit them to an annual quota. It also reflects favourable weather conditions in most of the growing areas.

This year, however, prices have crashed, reflecting a growing surplus of tea, particularly of the lower quality varieties and especially from Kenya.

In 1984 total world tea production is estimated to have risen by 6 per cent to 2.13m tonnes.

"Absorption of tea more than matched production last year, and a lot of that buying was accounted for by stock rebuilding," said one broker. "Now, however, there's a lot of very ordinary tea around as a result of the heavy crops. And now that the market has turned, buyers are sitting back and working on a hand-to-mouth basis."

WORLD TEA OUTPUT (tonnes)

	1st half 1985	1st half 1984
N-East India	165,844	139,068
South India	72,200	82,712
Bangladesh	13,795	8,804
Sri Lanka	116,657	116,786
Indonesia*	26,898	22,633
Kenya	73,700	53,689
Malawi	25,525	24,908
Tanzania	8,735	8,425
Uganda	n/a	5,103
Zimbabwe	8,925	7,646

* estates only
Source: International Tea Committee

Hopes of an eventual upturn in prices are pinned on two factors, one short-term and the other more distant.

In late October, North Indian teas, traditionally of a much higher quality, will begin to come to market. The premium paid for them should lift the average London auction price substantially.

Secondly, some brokers tentatively suggest that the boom in world tea crops may be tailing off. They forecast that figures for the second half of this year may not show a further large increase over those for 1984.

This would reflect in part the less remunerative prices on the world market and in part a likely tightening up on quality standards as a result of the large premium being paid for quality teas.

"The moment they start tightening up on plucking standards, that immediately affects output," said one broker.

● The Indian Tea Board has directed its offices abroad to prosecute companies that sell a mixture of Darjeeling tea and inferior leaf under the Darjeeling label, Tea Board Chairman R. Tripathi said, reports Reuter from Calcutta.

While the Darjeeling tea gardens produce 11m kilos a year about 60m kilos are sold as Darjeeling, he claimed.

S. Africa's gold sales share to fall further

By Nancy Dunne in Washington

SOUTH AFRICA'S declining share of free world gold production is expected to drop still further, according to statistics provided by the Gold Institute in Washington.

The institute estimates South African production this year at 21.86m ounces, almost 60 per cent of the total supply produced in the West but down from a 65 per cent share in 1983. Output is projected at almost 22.2m ounces in 1987, an estimated 57 per cent of western gold output.

Gold mine production has grown steadily since 1980, and it continues to expand, although at a slower rate, despite the two-year weakness in price, according to a new weekly report published by the New York Commodity Exchange (Comex).

Spurred by sharp increases in gold prices in 1979 and 1980, mining activity increased. The expansion has been maintained by the steadiness in the value of gold as compared with other currencies, Comex said.

However gold production, estimated at 36.7m ounces in 1985, cannot be expected to increase dramatically, according to Comex, as many of the new projects in the U.S., Australia and Latin America have limited ore reserves.

● FRENCH 1985-86 maize production is expected to rise by around 1m tonnes to 11.3m, according to a French Maize Producers' Association official.

Average yield is expected to be 6.2 tonnes per hectare compared with 6 tonnes in 1984-85. Harvesting is expected to start between eight and 15 days later than usual in the regions north of the Loire because of the recent wet weather.

● AUSTRALIAN exports of iron ore to China in 1985 will rise to 7.5m tonnes from 5m in 1984, Mr John Dawkins, the Trade Minister said in Peking.

● THE BRAZILIAN Coffee Institute (IBC) said it opened from August 29, green coffee export registrations for October, November and December, without a quota limit for sales to International Coffee Organisation (ICO) member countries.

Farm bill wrangle continues

BY NANCY DUNNE IN WASHINGTON

FARM STATE legislators will straggle back to Washington next week, taking little comfort from the bountiful harvest under way back home. Their principal task—writing a 1985 farm bill—has grown no easier during the summer break.

Back at home severely stressed farmers were asking their congressmen to "hold the line" on administration demands to reduce farm spending.

"There's a lot of frustration out there," says Miss Margie Williams of the National Association of Wheat Growers. "Farmers are aware of the big budget deficit, but they are appealing for income stabilisation."

A vocal minority, she said, is pleading for mandatory production controls.

In the absence of Congress, President Reagan pushed a tough line on farm spending. In his regular Saturday radio address on August 18, he complained of "the past practice of lurching from one emergency programme to another—coming up with solutions that never solve anything . . ."

"The answer to our farm problems cannot be found in sticking with discredited programmes and increasing government controls," he said. "The answer can only be found in our ability to help our entire agriculture industry stand on its own feet again."

There are reports that some farmers, who previously agreed with the administration on lowering loan supports, are changing their minds when they see estimates of prices to come.

However, Mr Ken Bader, chief executive officer of the American Soyabean Association, spoke to his group earlier this month and pleaded for acceptance of new realities.

Agriculture has changed, he said. The U.S. no longer sells its farm products in isolation. "We can't build fences high enough to keep out the impact of global agriculture.

Indian hopes calm pepper market

BY ANDREW GOWERS

EXPECTATIONS OF a bumper Indian pepper crop this coming season have dampened earlier fears of a lasting world supply shortage and halted the recent precipitous rise in prices, according to spice traders in the UK and the Netherlands.

Reports from Kerala state in southern India suggest that the pepper crop due to be harvested in December and January will recover to a total of between 45,000 and 50,000 tonnes. Traders believe this should allow India to boost its exports substantially and make up for this year's shortfall on the world market.

Exportable production is expected to total about 40,000 tonnes in 1985-86, allowing for domestic consumption of about 17,000 tonnes and a 10,000-tonne carryover from the previous year.

In the 1984-85 crop year, Indian production was depressed by heavy monsoon rains. Given the large domestic consumption of pepper, that left it with estimated exportable production of only 16,000 to 18,000 tonnes.

That fact, combined with poor crops in the other three main growing areas—Sarawak in Malaysia, Indonesia and Brazil—sparked fears in the first few months of this year that the world markets, which traditionally consumes about 130,000 tonnes of pepper per year, could be facing a shortfall of as much as 38,000 tonnes.

By mid-June, prices has risen to a peak of about $3,850 per tonne for black Sarawak pepper and $4,500 for the more mature white pepper, respectively treble and double their levels less than two years previously.

Since then, demand for pepper on the international market—sluggish in summer at the best of times—has apparently collapsed, and prices have accordingly fallen steadily. This week, black Sarawak was quoted at $3,300 per tonne and white pepper at $3,800.

There is still confusion in some parts of the market over the likely size of this year's Brazilian and Indonesian crops, with some traders forecasting that both will be well down on their traditional levels, and this is reflected in the wide variability of price quotations between on source and another.

But for the first time in months, traders are at least expressing the hope that production will come within reach of demand again in the next year or so.

The managing director of one leading Rotterdam trader forecasts total 1985-86 production of about 120,000 tonnes.

"Everybody thought the price of white peper would top $5,000 earlier this year," he said yesterday. "Buyers were alert to the possibility of shortages, and they all bought enough to cover their whole needs for 1985 and for half of 1986."

That goes some way towards explaining the current diminution of demand. Meanwhile, some traders—who had bought pepper while it was on the way up but cannot now afford to finance the holding of large stocks—are reported to be anxious to sell.

Spain's flower industry coming into bloom

A special correspondent examines the prospects for Spanish growers after EEC entry

BRITONS BUY fewer flowers than any other people in Europe. Half the population spends nothing at all on them, while the other half spends so little that the average outlay per household is only £6 a year compared with, for example, £29 in Switzerland and £25 in West Germany.

For that very reason, however, Britain's growth potential as a market for flowers is Europe's greatest, and no one is eyeing it more avidly than the producers and exporters of Spain.

Growing flowers for export has not been one of Spain's horticultural traditions. It began in 1967 when people in the southern province of Almeria thought that the 3,000 hours of sunshine a year prevailing there might be used to benefit more than the film industry.

Today more than 20,000 acres of plastic greenhouses spread over parts of Almeria that used to produce almost nothing but phony Western films. In them are nurtured mostly carnations, which, being durable and cheap, are ideal for the British market, and chrysanthemums, which appeal to the British more than to most other Europeans, including the French, who use them mainly for funerals. As exports began to catch on and Almeria's example was emulated, nurseries opened up in the Canary Islands, Valencia, Catalonia and around Madrid.

It is an axiom of the industry that flowers will always be grown where the cultural conditions suit them because the economics are so much in their favour. Of all horticultural crops, flowers have the highest ratio of value to weight, being worth far more per kilo than, say, melons or pineapples. Airfreighting can thus be comfortably accommodated in production costs, as it is with blooms from the Canaries and, of course, with Israel's huge floral airlift.

A team of Spanish experts is currently studying the British flower market to see just what it wants so that production can be tailored accordingly.

Among the things it has learned is that the British, who prefer growing flowers to buying them, have been inhibited as consumers by perceiving them as luxuries. Hence the popularity of carnations, which, being prolific, cheap to produce and lasting two or three weeks in the vase when treated (as is customary these days) with silver nitrate, put little strain on the pocket.

Also discouraging expenditure on flowers in Britain have been EEC duties against cut flowers from outside the Community. From June 1 to October 31 they amount to 24 per cent; from November 1 to May 31, 17 per cent. As they melt away for Spain over a seven-year transition period from her accession to the Community next January Spanish producers and exporters, for whom Britain has already proved profitable, will find it even more so.

The Spanish flower industry being relatively young and Spain not the world's most organised country, statistics relating to it are still scarce and unreliable, but UK Customs and Excise figures suggest that the weight of Spanish flowers entering this country rose last year by more than 20 per cent to almost 1m kilos, their value by 13.8 per cent to £2.12m. Chrysanthemums earned the most at £1.1m, which was 50 per cent more than a year before. Israel's deliveries over the same period grew by 13.4 per cent to 2.4m kilos, worth 10 per cent more at £8.72m.

Predicting Spanish trends is not easy, either, but a large British importer expects consignments from that source to swell by a further 50 per cent next year as they begin to reflect the reduction of tariffs and the warming of Britain's reception for flowers. Imports from all sources grew last year by almost 19 per cent in volume and 24 per cent in value to £52m, carnations accounting for about half that sum.

Spain's flower industry has far to go before approaching the size of Colombia's, which, with all-year production instead of the Mediterranean countries' six months, turns out almost 1bn blooms annually and supplies 40 per cent of the British market. But with EEC membership looming its expansion promises to be impressive.

LONDON MARKETS

PRECIOUS metals weakened in response to an easing in the strike threat in South Africa along with reports that the South African Finance Minister is attempting to arrange gold swaps to raise badly needed foreign exchange, reports Heinold Commodities. Copper gained ground on technical buying along with reports of better user interest. Aluminium continued to falter reflecting a burdensome stock situation. Sugar came under light selling pressure in response to reports of rain in Cuban cane growing areas. The opening of Nigerian ports and active origin selling put pressure on cocoa values. Coffee declined sharply as no quotas were imposed on October export registrations. Cotton rallied on fears Hurricane Elena could damage new crop cotton.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	Aug 29 1985	+ or —	Month ago
Aluminium	£1100		£1100
Free Mkt.	$1050/075	—5	$1065 75
Copper			
Cash h Grade	£999	+2.5	£1069
3 mths	£1024.25	+1.5	£1064.25
Gold Troy oz	$335.50	—0.50	$332.5
Lead Cash	£303.5	+2	£291
3 mths	£304.75	+2.5	£297.75
Nickel			
Free Mkt	221/241c	+1	228/248c
Palladium oz	$107.20	+0.10	$98.60
Platinum oz	$339.00	—3.25	$279.25
Quicksilver†	$290/300		$295/305
Silver troy oz	448.70p	—7.45	445.30p
3 months	460.75p	—8.00	457.10p
Tin cash	£9086.5	+1	£9167.5
3 months	£9050.5		£9131.5
Tungsten	$72.02		$67.49
Wolfram 22.0lb.	$65/70		$64/68
Zinc	£497.5	+14	£534
3 months	£501.5	+13.75	£529.25
Producers	$850		$850

OILS	Aug. 29 1985	+ or —	Month ago
Coconut (Phil)	$430		$530
Palm Malayan	$360y		$435
SEEDS			
Copra Phil	$300wy		$340
Soyabean (U.S.)	$213.7w	—0.5	$220
GRAINS			
Barley Fut. Nov.	£104.15	+0.30	£101.35
Maize	£133.40		£136.0
Wheat Fut. Nov.	£103.10	+0.10	£101.55
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1720.5	—44.0	£1673
Coffee Ft. Nov.	£1633.5	—56.0	£1666.5
Cotton A Index	55.95c	—0.10	57.85c
Gas Oil Oct.	$239.25	—2.25	$220.75
Rubber (kilo)	61.00p		63p
Sugar (raw)	$132.0x	+7.0	$121.5
Wooltops 64s	424p kilo	—1	428 pkilo

‡ Unquoted. x Aug-Sept. w Sept. y Oct. † Per 76-lb flask. c Cents per pound.

BASE METALS

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	724-.5	—.25	—
3 months	747-.5	—.5	748/741

Official closing (am): Cash 717.5-8.5 (723.5-4), three months 741-.5 (747-.5), settlement 718.5 (724). Final Kerb close: 748-8.5. Turnover: 10,525 tonnes.

COPPER

Official closing (am): Cash 1,002-.5 (994-.5), three months 1,027.5-8 (1,020.5-1), settlement 1,002.5 (994.5). Final Kerb Close: 1,026-6.5.

Higher grade	Unoffic'l close	+ or —	High/low
Cash	998.5-9.5	+2.5	1000/998
3 months	1024-.5	+1.5	1029/1025
Cathodes			
Cash	971-3	+3	—
3 months	998-1000	+1	—

Official closing (am): Cash 972-3 (967-9), three months 1,002.5-3 (996-7), settlement 973 (969). Turnover: 25,075 tonnes. U.S. Producer prices 65.50-69 cents per pound. kilo.

LEAD

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	303-4	+2	299/298
3 months	304.5-5	+2.5	305/301

Official closing (am): Cash 300-.5 (300.5-1), three months 302.5-3 (301.5-2), settlement 300.5 (301). Final Kerb close: 303.5-4. Turnover: 11,525 tonnes. U.S. Spot: 19-20 cents per pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	3470-5	+25	—
3 months	3545-5	+35	3550/3520

Official closing (am): Cash 3,475-85 (3,455-65), three months 3,545-50 (3,520-5), settlement 3,485 (3,465). Final Kerb close: 3,540-50. Turnover: 870 tonnes.

ZINC

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	497-8	+14	—
3 months	501-2	+13.75	503/490

Official closing (am): Cash 495-6 (491.5-2), three months 499-.5 (495-.5), settlement 496 (492). Final Kerb close: 501-2. Turnover: 6,200 tonnes. U.S. Prime Western: 41-41.75 cents per pound.

TIN

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low for day
Cash	9086-8	+1.5	—
3 months	9050-7	+1	—

Official closing (am): Cash 9,085-6 (9,085-6), three months 9,050-5 (9,050-1), settlement 9,086 (9,086).

Standard			
Cash	9086-7	+1	9088/9086
3 months	9050-1	—	9052/9050

Official closing (am): Cash 9,085-6 (9,085-6), three months 9,050-1 (9,050-1), settlement 9,086 (9,086). Final Kerb close: 9,050-2. Turnover: 1,310 tonnes. Straits tin $m 30.79 (30.79)

GOLD

Gold fell $4½ to $335¼-335¾ on the London bullion market yesterday, the lowest level of the day. It opened at the day's peak of $338½-339, and was fixed at $338.40 in the morning and $337 in the afternoon. The journey of the South African Reserve Bank governor for talks in London and the U.S. had no impact, and there was also little reaction to rumours of South Africa negotiating gold swaps, with central banks, to prevent any cutting off of credit lines forcing the country into distressed selling of gold on the open market.

GOLD BULLION (fine ounce) Aug. 29

Close	$335¼-335¾	(£239¾-240¼)
Opening	$338½-339	(£240¾-241¼)
M'n'g fix.	$338.40	(£240.646)
Aft'n'n fix	$337.00	(£240.571)

GOLD AND PLATINUM COINS

Kr'g'rnd	$341 341½	(£243¾-244¼)
½ Krug.	$178½-179	(£127½-128)
¼ Krug.	$91-91¾	(£65-65½)
1/10 Krug.	$37-37¾	(£26½-27)
Mapleleaf	$345 346¾	(£247½-248)
New Sov.	$79 80	(£56½-57¼)
½New Sov	$48-48¾	(£34¼-34¾)
Old Sov.	$80½-82	(£57½-58¾)
$20 Eagle	$460 620	(£343¼-471)
Noble Plat	$347½-351½	(£246-251)

SILVER

Silver was fixed 7.45p an ounce lower for spot delivery in the London bullion market yesterday at 448.70p. U.S. cent equivalents of the fixing levels were: spot 630c, down 8.45c; three-month 641.8c, down 10.05c; six-month 653.7c, down 11.15c; and 12-month 682.15c, down 11.35c. The metal opened at 448-451p (630-633c) and closed at 447-450p (625-628c).

SILVER per troy	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	448.70p	—7.45	447.5p	—4.00
3 months	460.75p	—8.00	460.5p	—4.00
6 months	471.95p	—8.30	—	—
12 months	495.55p	—8.30	—	—

LME—Turnover: 74 (19) lots of 10,000 oz. Cash high 447, low 446, three months high 460, low 459, final kerb high 462, low 460.

COCOA

Futures closed £40 to £45 lower in another active trading session. Commission house liquidation and belated hedge selling caused the sharp decline. Renewed manufacturer interest and price fixing was apparent to the lower levels of the day's trading range. Origins were quiet, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Sept.	1713-1714	—39.0	1755-1712
Dec.	1720-1721	—44.0	1765-1712
Mar.	1738-1739	—36.0	1776-1754
May	1755-1756	—32.5	1788-1754
July	1764-1767	—29.0	1793-1787
Sept.	1772-1775	—25.0	1795-1775
Dec.	1777-1779	—23.5	1800-1780

Sales: 5,400 (4,207) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for Aug 29: 105.22 (107.45); five-day average for Aug 30: 106.26 (108.65).

COFFEE

The opening of last quarter export registrations by Brazil coincided with a sharp sell-off on the terminal market today, reports Drexel, Burnham, Lambert. Most ground was lost during a more active morning which saw prices fall below the recent trading range. In the afternoon the market stabilised until the close when chartist selling brought prices to the lows.

COFFEE	Yesterd'y's Close	+ or —	Business Done
Sept.	1588-92	—51.5	1655-1590
Nov.	1633 34	—50.0	1674-1631
Jan.	1656 60	—49.5	1710-1665
March	1695 99	—41.5	1730-1695
May	1725-30	—31.5	1755-1740
July	1740-70	—24.0	1789-1785
Sept.	1740 00	—40.0	1808-1808

Sales: 3,278 (1,840) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for Aug 28: Comp. daily 1979 121.49 (121.76); 15-day average 120.51 (120.30).

GRAINS

The wheat market saw profit-taking erode values 30p in early trading but quickly improved on lack of physical offers and further concern over quality, reaching 50p up on spot positions. Barley remained quietly steady throughout the day to again reach new contract highs, reports Muirpace.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Sept.	101.00	+0.50	100.80	+0.40
Nov.	103.10	+0.10	104.15	+0.30
Jan	106.70	+0.10	107.40	+0.25
Mar	109.75	—	110.35	+0.25
May	113.25	+0.05	113.10	+0.20
July	115.75	+0.05	—	—

Business done—Wheat: Sept 101.00-0.40, Nov 103.20-2.75, Jan 106.70-6.40, Mar 109.75-9.50, May 113.25-2.95, July 115.75 only. Sales: 384 lots of 100 tonnes. Barley: Sept 100.75-0.30, Nov 104.20-3.75, Jan 107.20-7.15, Mar 110.25-0.00, May 112.90 only. Sales: 170 lots of 100 tonnes.

INDICES

FINANCIAL TIMES

Aug. 28	Aug. 27	M'th ago	Year ago
250.19	251.12	259.51	293.79

(Base: July 1 1952 = 100)

REUTERS

Aug. 29	Aug. 28	M'th ago	Year ago
1693.1	1685.0	1666.9	1875.1

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Aug. 22	Aug. 21	Month ago	Year ago
Spot	115.17	115.42	—	130.69
Fut.	114.06	114.81	—	128.43

(Base: December 31 1974 = 100)

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 15 per cent: Sept 120.20, Oct 119.50, Nov 120.20, Dec 122.80, transhipment East Coast. U.S. No. 2 Soft Red Winter: Sept 101.25, Oct 103.50, Nov 105, Dec 106.30. English Feed, fob: Sept 101, seller, Oct 103.50, value; Oct/Dec 105.50, bid; Jan/March 110.25, bid; April/June 116.00, bid. Maize: U.S. No. 3 Yellow/French transhipment East Coast: 1st-half Sept 136, 2nd half Sept 131, Oct/Dec 129.50. Barley: English Feed, fob: Sept 102.50, seller, Oct/Dec 107.50, bid; Jan/March 112.50, bid; April/June 117 bid. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed Wheat: S. East 97.10, S. West 96.30, W. Midlands 95.80, N. East 97.90. Feed Barley: S. East 94.80, S. West 95.20, W. Midlands 93.70, N. East 92.30. The UK monetary coefficient for the week beginning Monday September 2 will remain unchanged.

OIL

Prices for Brent slipped in thin trading, slightly for September and up to 25 cents in the forward months. Nymex opened 18 cents down for October and traded 12 cents down at 1 pm EDT. In the refined petroleum products market naptha fell sharply but gas oil and heavy fuels were only slightly down in thin trade, Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Sept.		
Arab Light	27.00-27.75	—
Arab Heavy	26.40-26.50	—
Dubai	26.80-26.90*	—0.05
Brent Blend	27.75-27.80	—0.05
W.T.I. (1pm est)	27.90-27.95*	—0.15
Forcados (Nigeria)	—	
Urals (cif NWE)	26.90-27.00	+0.10
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	267-269	—
Gas Oil	247-249	—1
Heavy fuel oil	140-143	—0.5
Naphtha	251-253	—4

* October.
Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or —	Business Done
Sep	244.00	—2.75	247.25-44.00
Oct	239.25	—2.25	242.50-38.25
Nov	237.50	—1.75	240.00-36.75
Dec	237.00	—3.00	238.75-36.50
Jan	236.75	—2.25	239.25-36.25
Feb	234.50	+1.50	234.55-34.00

Turnover: 2,180 (2,878) lots of 100 tonnes.

PIGMEAT

Stronger physicals created a lively futures market as trade buying and short covering rallied October and November although later months looked uncertain, reports CST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Oct	112.30	111.50	112.8-111.8
Nov	113.90	112.30	113.9-112.8
Feb	101.80	101.30	101.8-101.8
April	102.20	102.00	—
June	101.50	101.70	101.5-101.5
Aug.	101.70	101.50	—

Sales: 99 (41) lots of 50 carcases, 3,250 kg.

POTATOES

The market opened stronger with good buying support but sunny weather and prospect of continued fine weather trimmed gains to leave the market unchanged to 50p down at the close, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov.	58.00	58.50	58.20-56.50
Feb.	67.50	67.50	—
Apr.	80.00	80.20	81.80-79.50
May	85.20	85.70	87.00-85.50

Sales: 573 (949) lots of 40 tonnes.

FREIGHT FUTURES

A reported drop in the prominent Gulf/Japan route undermined confidence for the second day in a row, resulting in futures levels declining sharply over the morning session. The January position came under the larger brunt of selling for a change, dropping the equivalent of $285 per lot from the previous close. The afternoon session saw a fractional recovery due to short covering, reports Clarkson Wolff. The Baltic Freight Index was 739.0 down 1.5 points.

	Close	High/Low	Prev
Oct.	814/815	823/810	832/834
Jan.	867/868	880/865	890/893
April	913/915	915/910	930/935
July	860/865	—	865/895
Oct.	950/1000	—	960/1045
Jan.	980/1030	—	970/1040
April	970/1040	—	1000/1050
July	950/1000	—	940/1000

Turnover: 253 (202) lots.

RUBBER

PHYSICALS—The London market opened unchanged, met persistent selling throughout the day and closed sharply easier, reports Lewis and Peat. Closing prices (buyers) spot 61.00p (same), October 56.75p (same), November 56.75p (same). The Kuala Lumpur fob price for RSS No 1 was 182.5 (same) cents a kg and for SMR 20 was 146.5 (147.0).

SOYABEAN MEAL

The London market opened 30p higher in mixed trade, reports T. G. Roddick. Prices moved higher on trade buying closing the market with gains of £1.00.

	Yesterday close £ per tonne	+ or —	Business Done
October	115.6-115.9	+0.35	115.9-115.0
Dec.	118.5-116.9	+0.75	116.8-116.2
Feb.	120.7-121.0	+0.75	120.7-120.7
Apr.	121.0-121.5	+0.45	—
June	121.5-122.5	—0.20	122.0-122.0
August	122.9-124.0	+0.15	—
October	125.0-126.0	+0.75	—

Sales: 568 (455) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $132.00 (£94.00), up $7.00 (up £5.00) a tonne for Aug-Sept delivery. White sugar $166.00, up $4.50.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Oct	128.0-128.8	128.8-130.0	132.0-128.0
Dec	131.8-132.6	133.0-134.0	135.0-134.0
Mar	138.2-138.4	140.0-140.2	142.0-138.2
May	141.8-142.0	143.0-144.0	145.0-142.2
Aug	146.0-147.0	148.0-149.0	149.8-148.8
Oct	151.0-152.0	153.0-154.0	154.0-153.0

Sales: 3,581 (3,414) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £196.50 (£194.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for August 29: Daily price 4.76 (4.62); 15-day average 4.30 (4.27).

U.S. MARKETS

BASE METALS prices on the London Metal Exchange moved generally higher yesterday but, with the notable exception of zinc, the rises were only modest.

Cash zinc gained £14 to £497.50 a tonne as sellers who had helped to push the price down £26 earlier in the week stood back from the market. Dealers said this tendency may have been influenced by the failure of other European producers to follow the $50 a tonne list price reduction announced by Metallgesellschaft of West Germany on Tuesday.

Copper values were lifted in the morning by overnight strength in New York. But they slipped back during the day as sterling strengthened against the dollar and cash higher grade metal ended only £2.50 up at £999 a tonne.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Sept	44.25	44.40	44.15	44.45
Oct	44.70	—	—	44.90
Dec	45.50	45.65	45.45	45.70
Jan	45.90	—	—	46.10
March	46.60	46.75	46.70	46.85
May	47.40	—	—	47.60
July	48.10	—	—	48.30
Sept	48.80	—	—	49.00
Jan	50.20	—	—	50.40

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Sept	2132	2168	2130	2110
Dec	2213	2248	2203	2260
March	2251	2281	2242	2292
May	2275	2300	2270	2314
July	2298	2320	2295	2339
Sept	2315	—	—	2355
Dec	2325	2345	2335	2365

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Sept	60.65	60.75	59.40	60.00
Dec	137.94	138.80	137.40	140.16
March	139.37	140.90	139.35	141.39
May	140.28	141.25	140.20	141.80
July	140.58	141.50	141.50	141.73
Sept	140.78	—	—	141.23
Dec	141.00	—	—	142.00

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Sept	60.60	60.75	59.40	60.00
Oct	61.00	—	—	60.45
Dec	61.70	61.90	60.75	61.35
Jan	62.00	61.30	61.30	61.70
March	62.60	62.80	61.65	62.40
May	63.05	63.30	62.40	62.85
July	63.50	63.85	62.95	63.30
Sept	63.85	64.00	63.35	63.80
Dec	64.70	64.45	64.20	64.60

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	58.58	58.80	58.10	58.20
Dec	58.76	59.05	58.48	58.43
March	59.83	60.18	59.80	59.62
May	60.26	60.56	60.25	60.12
July	60.13	60.50	60.00	59.82
Oct	55.05	55.40	55.29	55.10
Dec	54.30	54.50	54.25	54.29

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Close	High	Low	Prev
Oct	27.92	27.98	27.82	28.10
Nov	27.57	27.67	27.53	27.76
Dec	27.26	27.36	27.22	27.46
Jan	27.06	27.13	27.04	27.24
Feb	26.87	26.95	26.85	27.04
March	26.70	26.73	26.58	26.84
April	26.50	26.55	26.45	26.64
May	26.40	—	—	26.44
June	26.11	26.15	26.10	26.24
July	25.96	25.95	25.96	26.09

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
August	333.3	333.0	333.0	336.4
Sept	335.2	335.0	335.0	340.7
Oct	337.2	340.8	338.2	342.8
Dec	341.6	345.0	340.5	347.3
Feb	346.0	349.5	345.0	351.8
April	350.5	353.0	350.0	356.4
June	355.4	358.5	356.0	361.4
August	—	—	—	—
Oct	365.3	368.4	365.0	371.5
Dec	370.4	373.7	372.8	376.7
Feb	375.8	380.0	380.0	382.2
April	381.3	—	—	387.8
June	387.1	—	—	393.7

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
Sept	76.20	76.50	76.05	76.57
Oct	77.00	77.20	76.65	77.34
Nov	77.65	77.80	77.35	77.97
Dec	78.00	78.15	77.65	78.32
Jan	78.20	78.30	78.00	78.60
Feb	77.45	77.45	77.35	77.90
March	74.60	74.65	74.30	74.90
April	72.25	72.25	72.25	72.65
May	71.50	—	—	72.05

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Sept	134.15	134.48	134.05	134.15
Nov	129.90	130.40	129.60	129.75
Jan	126.00	126.30	125.60	125.95
March	124.65	124.80	124.40	124.60
May	123.60	124.00	124.00	123.50
July	123.60	—	—	123.65

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	333.5	—	—	335.1
Oct	334.5	342.0	332.5	346.1
Jan	336.3	344.0	334.0	348.1
April	339.3	346.5	336.0	351.1
July	342.3	350.0	342.5	354.1
Oct	347.1	355.0	351.0	358.9

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Sept	622.0	631.0	621.0	632.5
Oct	626.3	—	—	636.9
Dec	635.0	643.5	633.0	645.6
Jan	639.5	—	—	650.4
March	648.0	656.0	645.0	658.9
May	657.0	667.0	661.0	668.0
July	666.8	675.0	670.0	677.9
Sept	677.0	689.0	684.0	688.2
Dec	692.5	700.0	697.0	704.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	4.77	4.86	4.67	4.75
Oct	4.83	4.93	4.79	4.90
Jan	4.93	5.00	4.86	4.98
March	5.17	5.28	5.16	5.24
May	5.29	5.43	5.28	5.36
July	5.46	5.58	5.46	5.52
Sept	5.60	5.73	5.73	5.66
Oct	5.76	5.90	5.76	5.82

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	55.32	56.85	55.05	55.70
Dec	57.77	58.45	57.60	58.32
Feb	57.20	57.85	57.05	57.60
April	58.17	58.95	58.10	58.62
June	59.15	59.80	59.12	59.60
August	58.10	58.50	58.00	58.50

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Oct	36.30	36.77	35.97	36.35
Dec	39.02	39.45	38.82	38.95
Feb	40.50	40.82	40.10	40.20
April	37.30	37.70	37.25	37.37
June	40.65	41.00	40.55	40.82
July	41.45	41.50	41.02	41.37
August	40.80	41.15	40.60	40.75
Oct	38.85	38.85	38.80	38.85
Dec	40.25	40.25	40.25	40.67

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Sept	230.2	230.4	227.0	227.0
Dec	217.6	218.0	216.6	217.2
March	227.2	227.4	225.6	226.2
May	233.4	233.6	231.0	232.0
July	236.2	236.4	233.0	233.6
Sept	228.4	228.4	225.0	225.0
Dec	224.6	224.6	221.0	221.2

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	58.47	59.00	57.95	58.45
March	58.20	58.80	57.95	58.30
May	58.65	60.02	59.20	59.85
July	59.65	60.00	59.30	59.65
August	57.65	58.30	57.50	57.60

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Sept	511.4	514.2	510.4	512.0
Nov	508.6	511.0	506.2	508.2
Jan	518.6	520.0	515.4	517.2
March	528.6	530.0	525.2	527.6
May	537.6	539.0	533.4	535.6
July	541.2	542.4	538.4	539.2
August	—	—	—	518.0
Sept	536.0	537.0	536.0	536.0
Nov	535.4	537.0	533.4	535.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Sept	124.9	125.2	123.5	124.1
Oct	126.0	126.2	124.5	124.8
Dec	129.2	129.3	127.7	128.2
Jan	130.5	131.0	129.2	129.6
March	133.5	133.5	132.0	132.1
May	135.5	135.5	134.5	134.5
July	138.3	138.5	136.7	137.0
August	—	—	—	121.5
Sept	138.0	138.0	137.5	138.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Sept	22.27	22.33	22.06	22.27
Oct	21.96	22.00	21.75	21.99
Dec	21.81	21.93	21.71	21.96
Jan	21.96	22.05	21.85	22.08
March	22.22	22.25	22.00	22.35
May	22.39	22.50	22.35	22.62
July	22.50	22.70	22.50	22.80
August	—	—	—	22.55
Sept	22.58	22.65	22.58	22.60
Oct	22.80	22.80	22.80	22.80

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Sept	267.2	269.0	264.4	269.2
Dec	282.4	283.6	279.4	283.0
March	290.2	291.2	287.0	288.6
May	288.0	288.6	285.0	287.4
July	266.4	267.6	263.0	266.0
Sept	268.6	269.4	267.0	269.4

SPOT PRICES—Chicago loose lard 16.50 (same) cents per pound. New York tin 579.0-588.0 (584.0-588.0) cents per pound. Handy and Harman silver bullion 628.50 (634.50) cents per troy ounce.

OTHER MARKETS

ROTTERDAM

Wheat—(U.S. $ per tonne) U.S. No. 2Red Winter: Spot 129, Sept 125, Oct 128, Nov 130. U.S. Northern Spring, 14 per cent protein: Sept 146.50, Oct 148.50, Nov 152, Dec 155.50. U.S. Northern Spring, 15 per cent protein: Sept 165, Oct 164.50, Nov 167.50, Dec 170. U.S. No. 3 Hard Amber Durum: Aug 163, Sept 162, Oct 162, Nov 165, Nov 15/Dec 168, April/May 168.50, June 169.50. Canadian Western Red Spring, 1 3.5 per cent: Sept 153, Sept 20/Oct 10 155, Oct 158, Nov 160.

Maize—(U.S. $ per tonne) U.S. No. 3 Yellow: Afloat 118, Sept 116, Oct 109.50, Oct/Dec 109, Jan/March 113, April/June 115. Argentine, Plate: Sept 125, Oct 125, March 109, April/June 109.

COCOA—(FFr per 100 kg). Sept 2015-2026; Dec 2035-2037; Mar 2050-2060; May 2060, bid; July 2070, bid; Sept 2080, bid; Dec 2080, bid.

HIDES

HIDES—Birmingham (Manchester). Second Clears. Ox 31-35.5 kg 90.5p a kg withdrawn (91.0p a kg withdrawn); 26-30.5 kg 107.9p a kg (106.0p a kg withdrawn); 22-25.5 kg 111.1p a kg withdrawn (112.0p). Cows 25.5 kg 103.2p a kg (N/A).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 610.0, 611.0, 611.0-611.0; Dec 615.0, 617.0, 617.0-617.0; March 622.0, 623.0, 623.0-623.0; May 632.0, 636.0, 633.0-633.0; July 634.0, 638.0, nil; Oct 622.0, 632.0, nil; Dec 625.0, 636.0, nil; March 636.0, 645.0, nil. Sales: 14.

PARIS

Sugar—(FFr per 100 kg): Oct 1392-1400; Dec 1396-1405; March 1415-1418; May 1465-1456; Aug 1480-1498; Oct 1538-1555.

COTTON

LIVERPOOL—No spot or shipment sales were recorded.

WHEAT

MEAT COMMISSION—Average fatstock prices at representative markets: GB Cattle 98.34p per kg lw (+1.24); GB Sheep 147.68p per kg est dcw (—3.03); GB Pigs 78.87p per kg lw (+0.20).

girl—mole, perhaps (9) London NW11. 6.45 Mary O'Hara and Friends. 7.15 "Botany Bay," starring James Mason Chips. 11.45 Reflections. 11.50 Golf Company. Presents Two's Best (S). Shipping Forecast.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar higher in thin trading

The dollar remained within its recent range of DM 2.74-2.79 in thin foreign exchange trading yesterday. The major factor pushing the currency higher towards the London close seemed to be covering of short positions by New York traders ahead of the long holiday weekend in the U.S. Some support may have also resulted from news that U.S. new home sales in June rose by a revised 2.2 per cent, against a previous estimate of 0.1 per cent down. The July figure was up 1.4 per cent. Attention will now focus on today's announcement of leading indicators, where the July figure is expected to be roughly flat, but it has been rumoured the data for June will be revised down. Trading may be confused if the publication of leading indicators conflicts with demand for the dollar due to the long weekend and end of month factors.

The dollar finished just below the day's peaks against most major currencies, rising to DM 2.7795 from DM 2.7710; FFr 8.4850 from FFr 8.4525; SwFr 2.2785 from SwFr 2.2670; and Y237.05 from Y235.90.

On Bank of England figures the dollar's index rose to 136.7 from 136.4.

With South African financial markets closed until after the weekend there were again no meaningful quotations for the rand in London. Quotes for the currency remained extremely defensive between 35 and 50 U.S. cents to the rand.

STERLING—Trading range against the dollar in 1985 is 1.4290 to 1.0526. July average 1.3783. Exchange rate index fell 0.1 to 82.4, the lowest level of the day. It opened at 82.6, and touched a peak of 82.7 at 10 am.

Sterling was generally strong, underpinned by a combination of nervousness about the dollar, the unwinding West German spy story, possible effects on oil prices of hte European coup, and high London interest rates. The pound finished 20 points down against the dollar at $1.3995-$1.4005, but rose to DM 3.89 from DM 3.825; Fr 11.8850 from FFr 11.86; and SwFr 3.1925 from SwFr 3.1750. It also eased to Y332 from Y332.25.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.7425. July average 2.9134. Exchange rate index 126.5 against 118.5 six months ago.

The D-mark showed little change against a dollar moving in a narrow range. Nervousness about South Africa's financial crisis showed no sign of spilling over into trading in the major currencies. As expected the Bundesbank left its leading interest rates unchanged, and appeared to be pursuing a steady monetary policy in setting the interest rate at an unchanged 4.6 per cent for securities repurchase agreements to add liquidity to the domestic money market. At the Frankfurt fixing the Bundesbank did not intervene when the dollar rose to DM 2.7722 from DM 2.7683. The dollar closed in Frankfurt at DM 2.7795 compared with DM 2.7675 on Wednesday. Sterling may have gained some strength from the West German spy scandal, but there was little reaction to news about another suspect being detained, or the sacking of West Germany's head of intelligence. The pound rose to DM 3.8960 from DM 3.8850 at the fixing.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu August 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	45.0596	+0.51	+0.80	±1.5425
Danish Krone	8.12857	8.10518	−0.29	—	±1.6421
German D-mark	2.23940	2.22729	−0.50	−0.21	±1.1455
French Franc	6.86402	6.80108	−0.92	−0.63	±1.3654
Dutch Guilder	2.52208	2.50786	−0.56	−0.27	±1.5162
Irish Punt	0.724578	0.716121	−1.17	−0.88	±1.6673
Italian Lira	1520.60	1496.17	−1.61	−1.61	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING INDEX

	Aug 29	Previous
8.30 am	82.6	82.2
9.00 am	82.6	82.3
10.00 am	82.7	82.2
11.00 am	82.6	82.4
Noon	82.6	82.4
1.00 pm	82.6	82.5
2.00 pm	82.5	82.3
3.00 pm	82.5	82.5
4.00 pm	82.4	82.5

£ IN NEW YORK

	Aug. 29	Prev. close
£ Spot	$1.4005-1.4015	$1.4025-1.4035
1 month	0.47-0.46 pm	0.48-0.46pm
3 months	1.25-1.21 pm	1.22-1.19pm
12 months	3.00-2.90 pm	3.00-2.90pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

August 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3960-1.4070	1.3995-1.4005	0.46-0.43c pm	3.81	1.22-1.18pm	3.43
Canada	1.9020-1.9156	1.9065-1.9075	0.51-0.41c pm	2.89	1.24-1.10pm	2.45
Nethlnd.	4.37¾-4.39	4.38-4.39	2⅛-2c pm	5.82	6⅛-6pm	5.64
Belgium	78.52-80.10	78.70-78.80	21-14c pm	2.67	47-34pm	2.06
Denmark	14.14½-14.17¾	14.15½-14.16½	4⅞-3½ore pm	3.07	9¾-8⅞pm	2.45
Ireland	1.2468-1.2531	1.2484-1.2494	0.25-0.10c pm	1.68	0.58-0.33pm	1.47
W. Ger.	3.88½-3.89½	3.88½-3.89½	2½-2¼pf pm	7.33	6⅞-6½pm	6.88
Portugal	229½-235¾	229½-232½	65-425c dis	−12.73	420-1480dis	−16.54
Spain	228½-229	228½-229	15-85c dis	−2.89	90-300dis	−3.32
Italy	2,604½-2,630¼	2,612-2,613	2 pm-4 lire dis	−0.46	4-12dis	−1.22
Norway	11.47¾-11.51¼	11.48-11.49	½-⅞ore dis	−0.46	2¾-3⅛dis	−0.98
France	11.86½-11.95¾	11.88-11.89	2⅛-1⅞c pm	2.15	3⅝-2⅞pm	0.99
Sweden	11.58½-11.61¼	11.59½-11.60½	2⅞-3½ore dis	−3.30	9⅛-9⅝dis	−3.25
Japan	331¼-333¾	331½-332½	1.50-1.40y pm	5.24	4.25-4.15pm	5.08
Austria	27.30-27.50	27.36-27.40	15⅞-13¾gro pm	6.36	43-38⅝pm	5.92
Switz.	3.18⅛-3.19⅝	3.18⅞-3.19⅞	2⅛-1⅞c pm	7.52	6⅞-6⅝pm	6.66

Belgian rate is for convertible francs. Financial franc 79.45-79.55. Six-month forward dollar 1.99-1.94c pm, 12-month 3.05-2.95c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

August 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3960-1.4070	1.3995-1.4005	0.46-0.43c pm	3.81	1.22-1.18pm	3.43
Ireland†	1.1155-1.1230	1.1183-1.1191	0.25-0.15c pm	2.14	0.65-0.45pm	1.96
Canada	1.3605-1.3637	1.3620-1.3630	0.09-0.12c dis	−1.06	0.31-0.36dis	−0.98
Nethlnd.	3.1150-3.1340	3.1315-3.1325	0.56-0.54c pm	2.12	1.75-1.73pm	2.23
Belgium	56.00-56.30	56.20-56.30	5-7c dis	−1.27	20-23dis	−1.52
Denmark	10.07-10.12½	10.10½-10.11	⅛-⅜ore dis	−0.80	½-1dis	−0.30
W. Ger.	2.7660-2.7860	2.7790-2.7800	0.80-0.75pf pm	3.35	2.43-2.38pm	3.47
Portugal	165-167½	166½-167½	100-350c dis	−16.22	460-1200dis	−19.82
Spain	162.75-163.50	163.35-163.50	85-120c dis	−6.81	225-325dis	−6.75
Italy	1,859-1,867	1,865½-1,866½	6½-8 lire dis	−4.67	22½-24dis	−4.98
Norway	8.18-8.21	8.20¼-8.20¾	2⅞-3⅞ore dis	−4.40	8⅞-9⅞dis	−4.40
France	8.45-8.50½	8.48¼-8.48¾	1.20-1.40c dis	−1.84	5.60-6.10dis	−2.76
Sweden	8.25-8.29¾	8.28¾-8.29¼	4⅞-5⅞ore dis	−7.27	14-14½dis	−6.97
Japan	236.75-237.25	237.00-237.10	0.38-0.30y pm	1.72	1.03-0.93pm	1.65
Austria	19.45-19.55¾	19.46-19.48	4½-3¾gro pm	2.54	13½-11pm	2.52
Switz.	2.2690-2.2870	2.2780-2.2790	0.70-0.64c pm	3.53	1.90-1.84pm	3.29

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 56.75-56.85.

OTHER CURRENCIES

Aug. 29	£	$		£ Note Rates
Argentina Austl.	1.1206-1.1231	0.8000-0.8010	Austria	27.20-27.50
Australia Dollar	1.9910-1.9950	1.4190-1.4210	Belgium	79.15-80.00
Brazil Cruzeiro	9,694-9,750	6,920-6,940	Denmark	14.10-14.24
Finland Markka	8.2582-8.2881	5.9090-5.9110	France	11.84-11.95
Greek Drachma	185.53-187.52	130.53-133.37	Germany	3.87-3.91
Hongkong Dollar	10.9200-10.9300	7.8005-7.8025	Italy	2595-2640
Iran Rial	124.10*	88.80*	Japan	332-336
KuwaitDinar(KD)	0.4229-0.4234	0.30210-0.30230	Netherlands	4.37-4.41
LuxembourgFr	78.70-78.80	56.20-56.30	Norway	11.46-11.56
Malaysia Ringgit	3.4630-3.4690	2.4740-2.4760	Portugal	228-241
NewZealand Dlr.	2.5960-2.6035	1.8501-1.8535	Spain	221-231
Saudi Arab Riyal	5.1125-5.1175	3.6518-3.6523	Sweden	11.55-11.66
Singapore Dollar	3.1580-3.1640	2.2560-2.2580	Switzerland	3.18-3.21
Sth African Rand	—	—	United States	1.39½-1.41½
U.A.E. Dirham	5.1406-5.1460	3.6720-3.6730	Yugoslavia	470-510

* Selling rate.

CURRENCY MOVEMENTS

Aug. 29	Bank of England Index	Morgan Guaranty Change %
Sterling	82.4	−7.9
U.S. dollar	136.7	+23.7
Canadian dollar	86.8	−7.6
Austrian schilling	117.2	+4.7
Belgian franc	91.3	−10.3
Danish Kroner	79.8	−5.2
Deutsche mark	126.5	+8.8
Swiss franc	149.3	+12.4
Guilder	116.5	+4.7
French franc	67.6	−13.7
Lira	44.5	−20.1
Yen	157.1	+13.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Aug. 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.737777	0.572182
U.S.$	7½	1.03665	0.802771
Canadian $	9.20	*	1.09354
Austria Sch.	4	20.1836	15.6300
Belgian Fr	10	58.1664	45.0596
Danish Kr	7	10.4510	8.10518
D mark	4	2.87380	2.22729
Guilder	5	3.23901	2.50786
French Fr	9½	8.77959	6.80108
Lira	15½	1930.76	1496.17
Yen	5	245.531	190.257
NorwayKr	8	8.46966	6.56162
Span'h Pta.	—	168.871	130.882
Swedish K	10½	8.55066	6.63691
Swiss Fr	4	2.35682	1.82556
Greek Dr'ch	20½	136.682	106.038
Irish Punt	13½	N/A	0.716121

*C$/SDR rate for August 28: 1.41024.

EXCHANGE CROSS RATES

Aug. 29	Pound St'rling	U.S. Dollar	Deutschemk.	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.400	3.890	332.0	11.885	3.193	4.385	2613.	1.907	78.75
U.S. Dollar	0.714	1.	2.779	237.1	8.489	2.280	3.132	1866.	1.362	56.25
Deutschemark	0.257	0.360	1.	85.35	3.055	0.821	1.127	671.6	0.490	20.24
Japanese Yen 1,000	3.012	4.217	11.72	1000.	35.80	9.615	13.21	7869.	5.744	237.2
French Franc 10	0.841	1.178	3.273	279.3	10.	2.686	3.690	2198.	1.605	66.26
Swiss Franc	0.313	0.439	1.218	104.0	3.723	1.	1.374	818.3	0.597	24.67
Dutch Guilder	0.228	0.319	0.887	75.71	2.710	0.728	1.	595.8	0.435	17.96
Italian Lira 1,000	0.383	0.536	1.489	127.1	4.549	1.222	1.678	1000.	0.730	30.14
Canadian Dollar	0.524	0.734	2.040	174.1	6.232	1.674	2.299	1370.	1.	41.30
Belgian Franc 100	1.270	1.778	4.940	421.6	15.09	4.054	5.568	3317.	2.422	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	11⅞-12⅛	7¾-7⅞	8⅛-8⅝	5⅝-5⅞	18¾-19¼	4¹¹⁄₁₆-4¹³⁄₁₆	9½-9⅝	0-5	8⅛-8¾	8½-8¾	6⅝-6¹³⁄₁₆	8¾-9¼
7 days' notice	11⅝-11¾	7⅞-8	8⅜-8⅝	5½-5¾	2⅝-2⅞	4⅝-4¹¹⁄₁₆	9⅝-9¾	11½-13½	8½-8¾	8⅝-8⅞	6⅝-6⅞	9-9½
Month	11¾-11⅞	7⅞-8	8⅜-8⅝	5¹¹⁄₁₆-5¹³⁄₁₆	4⅞-4⅝	4½-4⅝	9⅝-9¾	12¼-13¼	9-9¼	9-9½	6⅝-6¾	8⅞-9⅛
Three months	11½-11⅝	7¹⁵⁄₁₆-8⅛	8⅞-9⅛	5¹¹⁄₁₆-5¹³⁄₁₆	4⅝-4¹¹⁄₁₆	4½-4⅝	10⅝-10⅞	12¾-13½	9⅛-9½	9⅛-9½	6⅝-6⅞	8¾-9¼
Six months	11¼-11⅜	8⅛-8¼	9⅛-9¼	5⅝-5¾	4¹¹⁄₁₆-4¹³⁄₁₆	4⅝-4¹¹⁄₁₆	11⅛-11¼	13-13¾	9⅝-9¾	9⅝-9¾	6⅝-6⅞	8¹³⁄₁₆-9⅛
One year	11-11⅛	8⅛-8⅝	9⅞-9⅞	5⅝-5¾	4¹¹⁄₁₆-4¹³⁄₁₆	4¹¹⁄₁₆-4¹³⁄₁₆	11⅝-11⅞	13¾-14⅝	9¾-9⅞	9¾-9⅞	6⅝-6⅞	9⅛-9⅝

Asian $ (closing rates in Singapore): Short-term 8-8⅛ per cent; seven days 8-8⅛ per cent; one month 8-8⅛ per cent; three months 8-8⅛ per cent; six months 8-8¼ per cent; one year 8½-8⅝ per cent. Long-term Eurodollars: two years 9¼-9½ per cent; three years 9⅞-10⅛ per cent; four years 10⅛-10⅜ per cent; five years 10⅜-10⅝ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

UK rates slightly easier

UK clearing banks base lending rate 11½ per cent since July 30.

Interest rates were down from Wednesday's closing levels in the London money market yesterday, helped by sterling's steady performance. There was no indication of any change in official policy however with the Bank of England supplying all of its help through outright sales. Total help was still a little short of a twice-revised forecast and overnight money was left bid up to 14 per cent, having been as low as 11½ per cent.

Three-month interbank money eased to 11½-11⅝ per cent from 11⅝-11¾ per cent while three-month eligible bank bills were bid at 11⅟₁₆ per cent from 11⅛-11½ per cent.

The Bank of England forecast a shortage of around £500m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £866m and a rise in the note circulation of £15m. These were partly offset by Exchequer transactions which added £355m and banks' balances brought forward £30m above target.

The forecast was revised to a shortage of around £450m and the Bank gave assistance in the morning of £133m. This comprised purchases of £103m of eligible bank bills in band 2 (15-33 days) at 11⅞ per cent and £9m in band 3 (34-63 days) at 11½ per cent. In band 4 (64-91 days) it bought £2m of Treasury bills and £19m of eligible bank bills all at 11⅟₁₆ per cent. A further revision brought the shortage down to £350m and the Bank gave help in the afternoon of £105m. This comprised purchases of £99m of eligible bank bills in band 2 at 11⅟₁₆ per cent and £6m in band 3 at 11½ per cent. Late assistance came to £40m, making a total of £278m.

In Frankfurt the Bundesbank left its credit policies and key lending rates unchanged after yesterday's meeting of the central council. This was much in line with market expectations. At the same time it announced a two tranche tender for 30 and 65 day repurchase agreements both at 4.6 per cent. Results of the tender will be announced today.

MONEY RATES

Aug. 29	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	4.75-4.90	9⅝	1½-2	5¾-5¹⁵⁄₁₆	6.21875	14⅝-14¾	7.15	11¼-11½
One Month	4.50-4.65	9⅞-9¹¹⁄₁₆	4⅜-4⅝	5¾-5¹⁵⁄₁₆	6.40625	14-14⅜	8¹⁵⁄₁₆-9⅟₁₆	10⅝-10⅞
Two Months	4.50-4.65	9⅝-9¾	—	—	—	—	—	10⅛-10¾
Three Months	4.50-4.65	9¹¹⁄₁₆-9¹³⁄₁₆	4½-4¾	5¹¹⁄₁₆-5¹³⁄₁₆	6.34375	14⅝-14¾	9⅜-9½	10⅝-10⅝
Six Months	4.55-4.70	9¾-9⅞	—	5¹¹⁄₁₆-5¾	—	—	9⅝-9⅞	10¼-10½
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	9⅝	—	—	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Aug. 29 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11¾-14	11⅞-12	12-12⅛	11¾-12¼	—	—	—	—	—
2 days notice	—	—	11¾-11⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅞-12⅛	11¾-11⅞	12⅛-12¼	11¾	—	—	—	—	—
One month	11⅞-11¾	11¹³⁄₁₆-11¹¹⁄₁₆	11¹³⁄₁₆	11⅞	11⅝	11¹³⁄₁₆	11¹³⁄₁₆	11¹³⁄₁₆	11¹³⁄₁₆	12⅛
Two months	11¹¹⁄₁₆-11⅟₁₆	11⅝-11¾	11⅝	11⅝	11¼	11¼	11⅜	11¼	11⅜	11⅞
Three months	11⅟₁₆-11⅟₁₆	11½-11¹¹⁄₁₆	11½	11⅟₁₆	11	11	10⅞	11⅟₁₆	11⅟₁₆	11⅟₁₆
Six months	10⅞-10⅞	11⅛-11⅟₁₆	11⅛	11⅛	—	—	—	10⅞	10⅞	11⅝
Nine months	10⅞-10⅞	11⅟₁₆-11⅟₁₆	11⅟₁₆	11¼	—	—	—	—	—	—
One year	10⅞-10⅝	11-11⅛	11	11⅛	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12¼-12	—	11¹³⁄₁₆	7.8-7.9	7⅞-7¹³⁄₁₆	8-8⅛
Two months	12⅛-11⅞	—	11¹¹⁄₁₆	7.8-7.9	7⅝-7⅞	8¼-8⅜
Three months	12-11¾	—	11⅝	7.85-7.95	7¹¹⁄₁₆-7¹³⁄₁₆	8⅟₁₆-8⅞
Six months	11⅛-11¼	—	11¼	7.95-8.05	7¹⁵⁄₁₆-8⅟₁₆	8⅟₁₆-8¹⁵⁄₁₆
Nine months	11⅝-11⅛	—	11⅛	8.15-8.25	—	—
One year	11¼-11	—	11	8.3-8.4	8⅟₁₆-8⅟₁₆	8¾-8⅞
Two years	—	10⅞	—	—	—	—
Three years	—	10⅞	—	—	—	—
Four years	—	10⅞	—	—	—	—
Five years	—	10⅞	—	—	—	—

ECGD Fixed Finance IV: Average rate of interest period July 3 to August 6 (inclusive): 11.988 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12½ per cent from August 1 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Treasury Bills: Average tender rate of discount 11.0011 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11¾ per cent; one-three months 11½ per cent; three-six months 11¼ per cent; six-nine months 11¼ per cent; nine-12 months 11 per cent. Under £100,000 10½ per cent from August 9. Deposits held under Series 5 11 per cent. The rate for all deposits withdrawn for cash 7½ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 29)

3 months U.S. dollars	
bid 8	offer 8 1/8

6 months U.S. dollars	
bid 8 1/8	offer 8 1/4

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	8⅞-8
Fed funds	7⅞
Fed funds at intervention	—

Treasury Bills

One month	6.48
Two month	6.93
Three month	7.26
Six month	7.54
One year	7.90

Treasury Bonds

Two year	8.84
Three year	9.17
Four year	9.42
Five year	9.63
Seven year	9.86
10 year	10.12
30 year	10.37

FINANCIAL FUTURES

Quiet trading

There was little interest and little trading in the London International Financial Futures Exchange yesterday. Most contracts recorded little overall change from Wednesday's closing levels ahead of today's U.S. economic data and a long weekend in the U.S. Gilt prices opened firmer in line with a stronger pound but slipped away from the day's highs as sterling retreated, to finish unchanged on the day.

Three-month sterling deposits failed to improve with a basically *bullish undertone inhibited by* relatively high cash rates.

U.S. Treasury bond futures started off on a firmer note, helped by a good demand for the Treasury's five-year note auction and expectations that figures released today would continue to show a sluggish economy. Prices were marked down later in the day however on a 1.4 per cent rise for July in U.S. single family home sales and a revised June rise of 2.2 per cent.

Euro-dollar prices were helped by a slightly lower U.S. Federal funds rate and favourable reaction to the five-year note auction. Trading volume was restrained however ahead of today's leading economic indicators and trade figures.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	91.99	92.02	91.97	91.92
Dec	91.72	91.75	91.69	91.66
March	91.33	91.38	91.30	91.28
June	90.94	90.95	90.91	90.89

Estimated volume 3,551 (3,418)
Previous day's open int 19,701 (19,821)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Sept	88.52	88.58	88.51	88.54
Dec	89.51	89.58	89.51	89.53
March	89.83	89.88	89.84	89.81
June	89.77	89.83	89.83	89.76
Sept	89.70	—	—	89.72

Estimated volume 977 (1,838)
Previous day's open int 7,528 (7,194)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Sept	112-08	112-11	112-06	112-04
Dec	112-21	112-26	112-20	112-20
March	113-05	—	—	113-04

Estimated volume 1,484 (1,714)
Previous day's open int 3,833 (3,319)
Basis quote (clean cash price of 13½% Treasury 2004-08 less equivalent price of near futures contract) −2 to 6 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.3980	1.4060	1.3990	1.4013
Dec	1.3858	1.3930	1.3880	1.3893
March	1.3785	—	—	1.3818

Estimated volume 662 (274)
Previous day's open int 3,379 (3,301)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3595	0.3614	0.3598	0.3613
Dec	0.3630	0.3648	0.3632	0.3648

Estimated volume 400 (60)
Previous day's open int 267 (267)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4376	0.4404	0.4404	0.4405
Dec	0.4420	0.4448	0.4448	0.4450

Estimated volume 360 (54)
Previous day's open int 218 (206)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4218	0.4221	0.4220	0.4223
Dec	0.4238	0.4241	0.4240	0.4243
March	0.4280	—	—	0.4282

Estimated volume 474 (18)
Previous day's open int 175 (175)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Sept	132.50	132.55	130.90	130.80
Dec	133.05	133.00	131.80	131.35

Estimated volume 193 (161)
Previous day's open int 1,572 (1,569)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	78-03	78-08	77-28	78-03
Dec	77-02	77-06	76-28	77-01
March	76-02	—	—	76-01

Estimated volume 2,080 (2,004)
Previous day's open int 2,062 (2,427)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	78-01	78-09	77-29	77-27
Dec	76-30	77-05	76-25	76-23
March	75-27	76-03	75-25	75-22
June	74-28	75-03	74-27	74-23
Sept	74-00	74-08	74-00	73-27
Dec	73-02	—	—	73-01
March	—	—	—	72-08
June	—	—	—	71-19
Sept	—	—	—	—
Dec	—	—	—	70-11
March	—	—	—	69-28

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	93.07	93.08	93.06	93.03
Dec	92.83	92.85	92.81	92.77
March	—	92.50	92.48	92.42
June	92.13	92.14	92.13	92.05
Sept	91.80	91.80	—	91.74
Dec	91.50	91.50	—	91.46
March	91.22	91.22	—	91.20
June	—	—	—	90.94

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	92.31	92.34	92.29	92.28
Dec	92.04	92.09	92.04	91.98
March	—	—	—	91.56
June	—	—	—	91.16

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	91.93	92.01	91.97	91.94
Dec	91.71	91.76	91.69	91.64
March	91.33	91.36	91.30	91.24
June	90.93	90.96	90.91	90.84
Sept	90.56	90.58	90.55	90.47
Dec	90.21	90.23	90.21	90.12
March	89.88	89.91	89.88	89.79
June	89.58	89.60	89.58	89.49

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Sept	1.3960	1.4010	1.3960	1.4015
Dec	1.3855	1.3910	1.3855	1.3905
March	1.3800	1.3830	1.3800	1.3835
June	—	—	—	1.3785
Sept	—	—	—	1.2505
Dec	1.2376	1.2543	1.2333	1.2345

GNMA (CBT) 8% $100,000
32nds of 100%

	Latest	High	Low	Prev
Sept	77-07	77-15	77-04	77-02
Dec	76-15	76-24	76-13	76-10
March	75-23	75-24	75-20	75-18
June	—	—	—	74-28
Sept	—	—	—	74-10

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, August 28, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of August 28 at 11.00 a.m.
3 months: 8⅛ 6 months: 8⅟₁₆

ECU=U.S.$.801852 SDR1=U.S.$1.03577
Sibor as of August 28 at 11.00 a.m.
3 months: 8⅟₁₆ 6 months: 8⅟₁₆

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	7.3846
Algeria	Dinar	4.974
Andorra	Fr. Franc	8.4795
	Sp. Peseta	165.65
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	Austral (8)	0.801
Australia	Dollar	1.4239
Austria	Schilling	19.515
Azores	Port. Escudo	166.60
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	163.55
Bangladesh	Taka	28.60
Barbados	Dollar	2.0113
Belgium	Franc (c)	56.23
	Franc (f)	56.885
Belize	Dollar	2.00
Benin	C.F.A. Franc	423.975
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	11.90
Bolivia	Peso (o)	75000.
	Peso (f)	1100000.
Botswana	Pula (6)	1.9612
Brazil	Cruzeiro (o)	6860.00
Brunei	Dollar	2.254
Bulgaria	Lev	1.016
Burkina Faso	C.F.A. Franc	423.975
Burma	Kyat	8.2147
Burundi	Franc	118.462
Cameroun Rp.	C.F.A. Franc	423.975
Canada	Dollar	1.3613
Canary Is.	Sp. Peseta	163.55
Cape Verde Is.	Escudo	89.2698
Cayman Is.	Dollar	0.835
Cen. Africa Rep.	C.F.A. Franc	423.975
Chad	C.F.A. Franc	423.975
Chile	Peso (o) (9)	173.76
China	Renminbi Yuan	2.9095
Colombia	Peso (o)	151.17
Comoros	C.F.A. Franc	423.975
Congo Ppls Rep. of	C.F.A. Franc	423.975
Costa Rica	Colon	51.60
Cuba	Peso	0.9311
Cyprus	Pound*	1.7185
Czechoslovakia	Koruna (o)	5.80
Denmark	Krone	10.088
Djibouti Rp. of	Franc	164.014
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso	1.00
	Peso (d)	2.97
Equador	Sucre (o,c)	67.175
	Sucre (d)	108.00
	Sucre (f)	96.75
Egypt	Pound	0.83
	Pound (c)	1.25
El Salvador	Colon	2.50
	Colon (d)	4.50
Eq'tl Guinea	C.F.A. Franc (4)	423.975
Ethiopia	Birr (o)	2.0468
Faeroe Is.	Dan. Krone	10.088
Falkland Is.	Pound*	1.398
Fiji	Dollar	1.1349
Finland	Markka	5.8904
France	Franc	8.4795
Fr. C'ty in Af	C.F.A. Franc	423.975
Fr. Guiana	Franc	8.4795
Fr. Pac. Is	C.F.P. Franc	154.175
Gabon	C.F.A. Franc	423.975
Gambia	Dalasi	3.5755
Germany (E)	Ostmark (o)	2.7755
Germany (W)	Mark	2.7750
Ghana	Cedi (14)	57.00
Gibraltar	Pound*	1.398
Greece	Drachma	277.55
Greenland	Dan. Krone	10.088

COUNTRY	CURRENCY	VALUE OF DOLLAR
Grenada	E. Caribbean $	2.70
Guadeloupe	Franc	8.4795
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, i)	3.95
Guinea Bissau	Peso	147.323
Guinea Rep.	Syli	23.8326
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
	Lempira (d)	2.55
Hong Kong	Dollar	7.804
Hungary	Forint	49.2348
Iceland	Krona	41.00
India	Rupee (10)	11.90
Indonesia	Rupiah	1119.00
Iran	Rial (o)	89.1186
Iraq	Dinar	0.3109
Irish Rep	Punt*	1.1213
Israel	Shekel (10)	1494.00
Italy	Lira (11)	1863.25
Ivory Coast	C.F.A. Franc	423.975
Jamaica	Dollar (o) (5)	5.75
Japan	Yen	236.925
Jordan	Dinar	0.3744
Kampuchea	Riel	n.a.
Kenya	Shilling	15.5912
Kiribati	Aust. Dollar	1.4239
Korea (Nth)	Won	0.94
Korea* (Sth)	Won	884.90
Kuwait	Dinar	0.3017
Lao P'ple D. Rep	Kip	35.00
Lebanon	Pound	18.00
Lesotho	Maloti	2.8209
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenstein	Sw. Franc	2.2745
Luxembourg	Lux. Franc	56.23
Macao	Pataca	8.1123
Madagascar D.R.	Franc	582.711
Madeira	Port. Escudo	166.60
Malawi	Kwacha	1.748
Malaysia	Ringgit	2.4695
Maldive Is.	Rufiya	7.00
Mali Rp.	C.F.A. Franc	423.975
Malta	Lira*	2.2321
Martinique	Franc	8.4795
Mauritania	Ouguiya	76.91
Mauritius	Rupee	14.87
Mexico	Peso (d) (12)	332.50
	Peso (e) (13)	290.00
Miquelon	Fr. Franc	8.4795
Monaco	Fr. Franc	8.4795
Mongolia	Tugrik (o)	3.3566
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	10.05
Mozambique	Metica	42.395
Namibia	S. A. Rand	2.8209
Nauru Is	Aust. Dollar	1.4239
Nepal	Rupee	18.30
Netherlands	Guilder	3.1227
Neth Ant'les	Guilder	1.80
New Zealand	Dollar	1.8845
Nicaragua	Cordoba	10.00
	Cordoba (d)	585.00
Niger Rp	C.F.A. Franc	423.975
Nigeria	Naira	0.895
Norway	Krone	8.199
Oman Sultanate of	Rial	0.3456
Pakistan	Rupee	15.9078
Panama	Balboa	1.00
Papua N.G.	Kina	0.9823

COUNTRY	CURRENCY	VALUE OF DOLLAR
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	783.00
Peru	Sol (o) (2)	13942
Philippines	Peso	18.605
Pitcairn Is.	N.Z. Dollar	1.8845
Poland	Zloty (o) (3)	153.79
Portugal	Escudo	166.60
PuertoRico	U.S. dollar	1.00
Qatar	Riyal	3.641
Reunion, Il de la	Fr. Franc	8.4795
Romania	Leu (o)	4.25
	Leu (c)	12.42
Rwanda	Franc	99.1631
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.398
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr. Franc	8.4795
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala	2.3002
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1863.25
Sao Tome & Principe DR	Dobra	43.6874
Saudi Arabia	Riyal (7)	3.65
Senegal	C.F.A. Franc	423.975
Seychelles	Rupee	6.9847
Sierra Leone	Leone	6.00
Singapore	Dollar	2.254
Soloman Is.	Dollar	1.6279
Somali Rep.	Shilling	36.60
South Africa	Rand	2.8209
Spain	Peseta	163.55
Span Ports in N. Africa	Sp. Peseta	163.55
Sri Lanka	Rupee	27.37
Sudan Rep.	Pound	2.50
Surinam	Guilder	1.785
Swaziland	Lilangeni	2.8209
Sweden	Krona	8.256
Switzerland	Franc	2.2745
Syria	Pound (0)	3.925
Taiwan	Dollar (o)	40.41
Tanzania	Shilling	16.90
Thailand	Baht	26.805
Togo Rep.	C.F.A. Franc	423.975
Tonga Is.	Pa'anga	1.4239
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.7919
Turkey	Lira	534.12
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.4239
Uganda	Shilling	595.20
United Arab Emir.	Dirham	3.673
United Kingdom	Pound Sterling*	1.398
Uruguay	Peso (m)	102.63
USSR	Rouble	0.806
Vanuatu	Vatu	106.201
Vatican	Lira	1863.25
Venezuela	Bolivar (g)	7.50
	Bolivar (g) (1)	4.30
	Bolivar (o)	14.45
	Bolivar (d)	14.65
Vietnam	Dong	96.5467
Virgin Is. British	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	7.50
Yemen PDR	Dinar	0.343
Yugoslavia	Dinar	281.039
Zaire Republic	Zaire	50.46
Zambia	Kwacha	2.2148
Zimbabwe	Dollar	1.6949

n.a. Not available. (m) Market rate * U.S. dollars per National Currency unit. (e) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non-essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Peru, August 2: Official rate devaluation of approx. 12 per cent. (3) Poland, June 1: Official devaluation of 13.2 per cent. (4) Equatorial Guinea: December 31, Currency joins Franc zone. (5) Jamaica: November 8, Rate adjustment fixed by Central Bank bi-weekly auction. (6) Botswana, August 4: Pula revalued by 3 per cent against a basket of currencies. (7) Saudi Arabia: June 10, Official devaluation of 1.1 per cent. (8) Argentina: June 15, New currency introduced: 1 Austral equals 1,000 Pesos. (9) Chile: June 28, Official devaluation of 7.8 per cent. (10) Israel: July 1, Official devaluation of 18.8 per cent. (11) Italy: July 21, Official devaluation of 8 per cent within the EMS. (12) Mexico: July 11, New free rate introduced to replace old free rate. (13) Mexico, July 24: Controlled peso rate devalued by 16.7 per cent. (14) Ghana, August 12: Cedi devalued by approximately 7 per cent. For further information please contact your local branch of the Bank of America.

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101	99	Exch. 12¼pc 1985	100	.....	12.25	11.64
101	99	Exch. 11¼pc '86	100	.....	11.71	10.96
99½	97	Treas. 10pc Cnv 1986	99	+	10.06	10.99
95	92¾	Treas 3pc 1986	95	+	3.13	9.30
100	97½	Exch. 10½pc Cv '86	99	.....	10.53	10.85
101⅞	99¼	Treas 12pc 1986	100	+	11.90	10.79
98	94½	Treas 8¾pc 1984-86‡‡	98	.....	8.64	10.46
105	102	Exch. 14pc 1986	103	.....	13.53	10.70
94	87¾	Exch. 2½pc 1986	94	+	2.65	7.41
104	101	Exch. 13¼pc 1987	103¼	.....	10.83	10.60
99	96	Treas 10¼pc Cv '87	99	+	10.28	10.44
92	85½	Exch 2½pc 1987	92	.....	2.69	7.70
99⅞	96	Exch. 10½pc 1987	99	+	10.52	10.60
94	89	Funding 6½pc '85-87‡‡	94	.....	6.89	10.26
99	95½	Treas. 10pc 1987	99	+	10.10	10.59
90	84¾	Treas 3pc 1987	90	+	3.31	8.47
102	99	Treas. 12pc 1987	102	+	11.73	10.72
95	90¾	Treas 7¾pc 1985-88‡‡	94	−	8.16	10.14
99	95	Exch 10½pc '88	99¼	+	10.53	10.58
97	93	Treas 9¾pc Cv '88	97	+	9.97	10.65
86½	80	Transport 3pc '78-88	86	.....	3.49	8.64
96	91½	Treas. 9½pc '88	96	+	9.81	10.69
102¾	97½	Treas 11½pc 1989	102	+	11.20	10.54
96⅝	90¾	Treas 9½pc Cnv. '89	96⅝	+	9.83	10.63
82¾	79	Treas 3pc 1989	82¾	+	3.63	8.56
99	96	Treas 10½pc 1989	99¾	+	10.53	10.56
98	92	Exch 10pc 1989	98	+	10.20	10.60
101¾	95	Exch 11pc 1989	101¼xd	+	10.86	10.63
85	79	Treas 5pc 1986-89	85¼	.....	5.86	9.34
108⅝	103¼	Treas 13pc 1990‡‡	108½	+	11.98	10.90
101¾	96	Exch 11pc 1990‡‡	101½	+	10.84	10.55
108¾	100¼	Exch. 12½pc 1990	106¼xd	+	11.71	10.62
77¾	75¾	Treas. 3pc 1990●	77¾	+	3.86	8.91
93	87¾	Treas 8¼pc 1987-90‡‡	92	+	8.91	10.24
		Five to Fifteen Years				
101	91⅞	Treas. 10pc Cv 1990	101	+	10.25	10.62
105¾	97¾	Treas 11¾pc 1991	105¼	.....	11.29	10.70
87¾	80	Funding 5¾pc '87-91‡‡	87¼	.....	6.73	9.12
105¾	95	Exch. 11pc 1991	105¼	.....	10.85	10.66
111¾	101⅝	Treas 12¾pc 1992‡‡	110⅝	+	11.67	10.69
99½	88⅝	Treas 10pc 1992	97¾	.....	10.24	10.50
102¾	94¾	Treas 10½pc Cv 1992‡‡	102¼	.....	10.56	10.60
110¾	98¾	Exch. 12¼pc '92	107½	.....	11.45	10.80
117¾	105	Exch 13½pc 1992	111⅞xd	.....	11.98	10.88
111¾	101¼	Treas 12½pc 1993‡‡	110½	.....	11.48	10.78
83¾	74⅞	Funding 6pc 1993‡‡	80¼xd	.....	7.41	9.42
119⅝	109¾	Treas 13¾pc 1993‡‡	119⅝	.....	11.89	10.81
125¾	111¼	Treas 14½pc 1994‡‡	120¼xd	.....	12.00	10.72
118⅞	108¼	Exch 13½pc 1994	118⅞	.....	11.82	10.90
113¾	100⅛	Exch. 12½pc 1994	109¾	.....	11.42	10.82
94	86¼	Treas 9pc 1994‡‡	94	+	9.85	10.46
108¼	98⅞	Treas 12pc 1995	107⅞	.....	11.25	10.83
71¾	62¾	Gas 3pc '90-95	70¾	.....	4.30	7.44

Over Fifteen Years

Undated

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AMERICANS—Cont.

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Hire Purchase, Leasing, etc.

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O.F.S.

High 1985	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
385	190	Beatrix Mines0	190	−20	—	—	—
600	350	Free State Dev 50c	360nd		075c	1.2	6.2
£24⅝	£12⅝	FS Geduld 50c	£12⅝	−⅛	♦Q365c	2.4	8.6
£13⅝	704	Harmony 50c	705	−25	Q240c	♦	10.2
423	225	Loraine R1	253		—	—	—
£25½	£12¾	Pres. Brand 50c	£12¼	−¼	♦Q350c	3.4	8.5
£27¼	£12⅞	Pres. Steyn 50c	£12⅞	−⅝	♦Q450c	1.7	10.4
£16⅝	529	St. Helena R1	629	−35	†Q320c	1.8	11.5
688	436	Unisel	464	+1	†Q101c	1.2	6.5
696	392	Welkom 50c	392	−26	♦Q146c	1.0	11.1
£29½	£15¼	W. Holdings 50c	£15¼	−½	♦Q565c	2.0	10.7

Diamond and Platinum

High 1985	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£46¼	£31	Anglo-Am Inv. 50c	£31	−1	Q590c	1.0	5.7
450	308	De Beers Dt. 5c	308	−12	†Q40c	4.7	3.9
700	412	Do. 40pc Pf. R5	425	+13	Q200c	z	14.0
£11¼	540	Impala Plat. 20c	540		Q135c	♦	8.9
640	380	Lydenburg 12½c	390		Q50c	♦	3.8
805	470	Rus. Plat. 10c	470xd		Q90c	1.4	5.7

Central African

High 1985	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
190	140	Falcon Z50c	140		Q100c	♦	36.5
15	10½	Wankie Col. Z$1	10½		♦Q5c	3.6	21.5
19	12	Zam Cpr SBD0.24	12		—	—	—

Finance

High 1985	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
135	70	Alex Corp SA $1.50	85		Q7.5c	2.1	2.7
£21	£15	Ang. Am. Coal 50c	£15		Q195c	3.1	3.9
£21	780	Anglo Amer. 10c	760	−20	Q135c	2.0	5.2
£79	£48½	Ang. Am. Gold R1	£48½	−1¼	Q1025c	1.0	6.3
£37	£26	Anglovaal 50c	£27	+1	†Q315c	3.8	3.5
33	18	Clogau Gold 10p	18		—	—	—
582	400	Cons. Gold Fields	405	+5	24.5	1.4	8.6
77	36	East Rand Con. 5p	36		†0.75	♦	3.0
£10¼	600	Gencor R1	600		Q170c	♦	8.8
£17½	700	Gencor 40c	700		Q190c	1.2	8.1
13½	10½	Gold & Base 12½p	10½		—	—	—
£15¼	843	Gold Fields S.A. 5c	865	−30	Q120c	♦	4.2
£86	£50	Jo'burg Cons. R2	£50	−2	Q875c	♦	5.4
975	575	Middle Wits 25c	575	−50	Q105c	♦	5.5
780	530	Minorco SBD1.40	595		Q21c	1.4	1.2
512	312	New Wits 50c	312	−44	Q70c	♦	7.0
34	22	Rand London 15c	22		—	—	—
775	450	Rand Min. Props. R1	450		♦Q65c	2.6	4.3
£33	£20	T'vaal Cons. Ld. R1	£20		†Q280c	2.6	4.2
115	80	Vogels 2½c	100		†Q16c	—	4.9

Australians

High 1985	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
11¼	7½	Afro-West A$0.20	8¼	+½	—	—	—
102	23½	ACM 50c	102	+5	—	—	—
25	12	Alliance Explo NL	12		—	—	—
3¼	1½	Asia Oil & Minerals	2		—	—	—
18	10	Aust. Hydrocarbons NL	10½		♦	—	—
12½	6½	Australis Mng N.L.	7		—	—	—
23	11	Balmoral Res	19	+1	—	—	—
24½	16	Black Hill Mins	22	−1	—	—	—
97	61½	Bond Corp	89	−1	Q10c	0.2	5.7
144	91	Bougainville Kina	96	+1	Q8%	0.8	3.2
392	278	CRA $2	278		Q8c	0.6	1.5
98	52	Carr Boyd 20c	96		—	—	—
20	8	Central Kalgoorlie	11		—	—	—
40	21	Central Pacific	24½		—	—	—
4	1¼	Cons Gld Mg Areas NL	2½		♦	—	—
9	4¼	Coopers Res. NL	7½		—	—	—
8½	4½	Cultus Pac NL	6	+¼	—	—	—
12	4½	Eagle Corp 10c	5¼		—	—	—
68	30	Elsacourt 20c	64	−1	Q6c	2.4	4.8
38	15	Eastern Petrol Aus	20		—	—	—
227	136	Emperor Mines	205		—	—	—
15	6	Emu Hill Gold N.L.	13		—	—	—
18	7	Endeavour 20c	17¼	+½	—	—	—
29	14	Enterprise Gld	21		—	—	—
35	21	Forsayth Oil Gas	34½	+½	—	—	—
122	24	Gem Exp & Minerals	83	−3	—	—	—
605	345	GM Kalgoorlie 25c	535		Q30c	1.1	2.6
17	10½	Great Eastern Mns.	11		—	—	—
32	16	Great Victoria Gold	18	−1	—	—	—
6½	2	HMC Aust NL 20c	4		—	—	—
11	5½	Haoma NW	6½	−¼	—	—	—
64	20	Hawk Investments A$0.2	64	+3	—	—	—
40½	20	Hill Minerals N.L.	40		—	—	—
24	14	Indian Ocean (1982)	18	+2	—	—	—
6	2½	Ivanhoe Gld NL	3		—	—	—
38	26	Jason Mining $A0.20	26		—	—	—
48	27	Jingellic Min	46		—	—	—
12	7	Kalbara Min 20c	8		—	—	—
10½	6½	Kia Ora Gold N.L.	8		—	—	—
120	50	Kitchener NL 25c	56		—	—	—
103	35	Meekatharra 25c	45		—	—	—
38	23	Metals Ex 50c	25		—	—	—
174	106	Metana Minerals N.L.	166	+4	—	—	—
72	28	Metramar Min. 20c	50		—	—	—
195	127	MIM Hldgs 50c	133	+2	Q3c	—	1.2
3½	3	Minefields Expl 25c	3		—	—	—
20½	12½	Minops Secs. $A0.25	17		—	—	—
163	112	North B Hill 50c	126	−4	Q9c	1.5	3.6
53½	29	Nth. Kalgurli	50½	−½	—	—	—
63½	40	Oakbridge 50c	58½	−4½	—	—	—
43	26	Otter Expl'n. NL	32½		—	—	—
110	65	Pancont'l 25c	105		—	—	—
5	3	Pan Pacific Pet NL	3¼		—	—	—
72	50	Paringa Mng/Exp 5p	62½	−1½	—	—	—
316	204	Peko-Wallsend 50c	240	+8	Q10c	♦	2.1
12½	6½	Petsart Res NL	12½		—	—	—
19½	7	Portman Mining	17		—	—	—
23	11	Queen Margaret Gold	21		—	—	—
310	232	Renison 50c	237	+2	Q10c	0.4	1.8
60	38	Samantha Expl'n. NL	40		♦	—	—
31	9	Samson Expl'n NL	14	+1	—	—	—
164	58	Sons Gwalia NL	164	+1	Z07½c	—	2.4
22½	13	Sthn. Goldfields	15	−½	—	—	—
16	8½	Southern Pacific	10¼	−¼	—	—	—
124	70	Southern Res	116½	−2½	—	—	—
9	3½	Southern Ventures 25c	7½		—	—	—
30	16	Spargos Expl'n	27½	−1½	—	—	—
23	6½	Swan Res 20c	8¼		—	—	—
16	8½	Thames Mining A$0.25	12¼		—	—	—
62	22½	Utd Goldfields NL	54		—	—	—
26	6½	West Coast 25c	26	+1	—	—	—
17	9	Western Cnl 50c	17		—	—	—
247	182	Westn. Mining 50c	201	−1	Q4c	—	1.0
182	122	Whim Creek 20c	156		Q5c	♦	1.6
47	15	Windsor Res NL	45	−1	—	—	—
10½	4½	York Resources	5		—	—	—

Tins

High 1985	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
290	212	Ayer Hitam $M1	240		vtQ40c	1.0	17.0
250	168	Geevor	170		12.0	♦	10.1
175	90	Gopeng Berhad M$0.50	100		g$0.16	♦	5.7
650	650	Hongkong	650φ		—	—	—
27	11	Jantar 12½p	20		2.5	♦	17.9
55	34	Malaysia Mng. 10c	34		vQ6c	♦	5.2
38	17	Pahang	17φ		B	—	—
650	200	Pengkalen 10p	250		—	—	—
275	165	Petaling $M1	170		vQ60c	♦	10.3
275	185	Sungei Besi $M1	185xd		vQ43c	♦	6.8
285	175	Tanjong 15p	175		g3.5	—	2.9
250	90	Tongkah H. Tin $M1	120		vQ13c	1.2	5.8
305	190	Tronoh $M1	205		tvQ54c	1.1	9.3

Miscellaneous

High 1985	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
55	30	Anglo-Dominion	30		—	—	—
		For Anglo Utd Dev see Recent Equities					
350	117	Centennial Min's	190	+20	—	—	—
120	60	Colby Res Corp.	60		—	—	—
550	287	Cons. Murch 10c	308	−15	†Q100c	1.4	10.0
40	24	Ennex Int. Ir10p	26		—	—	—
215	115	Hampton Areas 10p	147		3.75	0.9	3.4
260	135	Highwood Res.	190	+15	—	—	—
£22½	£17½	Homestake Mining $1	£19½		Q20c	—	7.4
310	190	McFinley Red Lake	225	+5	—	—	—
335	195	Musto Explorations	295	+15	—	—	—
55	23	Neo Sabina Res C$1	47	+2	—	—	—
375	245	Northgate C$1	275	+5	—	—	—
685	533	RTZ	585	+15	20.0	2.7	4.9
£145½	£116½	Do 9½pcLn '95-2000	£128	+1½	Q9½%	14.0	7.5
£14¼	£10	Tara Expln $1	£10⅜	+¼	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- φ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1985. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	95		Arnott	182	
Craig & Rose £1	700		CPI Hldgs	62	−3
Finlay Pkg. 5p	59		Carroll Inds.	144	
Higsons Brew	235		Dublin Gas	70	
Holt (Jos) 25p	730		Hall (R. & H.)	58	
IoM Stm. £1	87		Heiton Hldgs	19	
IRISH			Irish Rope	46	
Fund 11¾% 1988	£101¼		Jacob (W. & R.)	81	
Nat. 9¾% 84/89	£97½		Unidare	100xd	
Fin 13% 97/02	£109⅞				

"Recent Issues" and "Rights" Page 26
(International Edition Page 30)

LONDON STOCK EXCHANGE

MARKET REPORT

Takeover speculation fuels strong advance in equities

FT Index up 12.6 at 1,003.9

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 29	Aug 8	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9
Sept 2	Sept 12	Sept 13	Sept 23

5tio mfw mfwy mfwyp papappa

* "New-time" dealings may take place from 9.30 am two business days earlier.

Encouraged by the withdrawal of the threat of a rail strike and by the announcement of several favourable trading statements from major UK companies, buyers reappeared for selected equities yesterday.

Much of the day's activity in the leaders centred around the current speculative favourites, not least Distillers, which were again actively traded. Thorn EMI also came in for a fair measure of support along with Lucas which continued to make headway after the previous day's late improvement.

Among the other blue chips, the half-yearly figures from both British Petroleum, up 12 at 570p, and Blue Circle, 32 higher at 523p, were well received and contributed to yesterday's advance in the Financial Times Ordinary share index which breached the 1,000 mark for the first time since June 7 with a gain of 12.6 at 1,003.9. Against the trend, Associated Dairies' interim results failed to match expectations and the share price closed 8 lower at 135p.

Trading was enlivened by a relatively brisk demand from "new-time" buyers for the new Account which commences next Monday. Potential bid candidates were also well to the fore in secondary issues as MK Electric appeared on the scene with an agreed offer for Friedland Doggart.

Still reflecting the South African situation, Gold shares remained extremely sensitive, but the industrial sectors were inclined better, where altered.

Once again, Government Securities remained a relative backwater. However, the continuing steady trend in sterling gave a small boost to market sentiment and quotations were inclined harder. Rises in both short and long-dated stocks ranged to ⅛ and occasionally more. Interest in index-linked issues tended to fade after the previous day's improvement in response to Press mention.

H.P. shares rise

The major clearing banks were neglected and showed scant alteration, but Hire Purchase issues made good progress following good interim figures and an optimistic statement from Cattle's Holdings. Cattle's were finally 3 dearer at 35p. Provident Financial gained 13 to 243p in sympathy, while London Scottish Finance and Wagon Finance both firmed 3, to 62p and 83p respectively.

Recently-dull Composite Insurances staged a smart rally with gains stretching into double figures. General Accident moved up 13 to 628p, while Royals, 658p, and Sun Alliance, 503p, rose 11 apiece.

The drinks sector continued to attract substantial speculative attention. Distillers again made good progress in brisk trading and touched a new peak of 356p before settling 7 dearer on balance at 351p. Allied-Lyons featured Breweries, closing 8 higher at 233p following sizeable buying for "new-time" amid vague chatter of a link-up with Imperial Group.

Blue Circle's interim profits were no better than expected, but the price responded quickly to the appearance of buyers and raced up 32 to 523p. Other leading Building issues made modest progress in quiet trading. Taylor Woodrow, a dull market on Wednesday following comment on the half-year figures, staged a modest rally and closed 4 dearer at 440p. Alfred McAlpine firmed the same amount to 268p awaiting news of the South African transaction, while Ward Holdings hardened a couple of pence to 192p, after 196p, following the satisfactory half-timer. Elsewhere, Rohan Group slumped 65 to 100p on news of lower interim profits and reduced dividend.

ICI made late progress to close 10 higher at the day's best of 657p. Scottish Agricultural Industries shed 15 to 285p after disappointing half-year figures, but USM-quoted Allda Holdings rose 33 to 303p in a restricted market in reply to excellent interim profits and an encouraging statement.

Relatively neglected so far this week, Retailers put up a better showing and finished with modest gains across the board. Marks and Spencer rallied a couple of pence to 150p, while late support lifted W. H. Smith "A" 6 to 246p.

Thorn EMI buoyant

Leading Electricals finished at the day's best. Thorn EMI were particularly buoyant and spurted 25 to 409p amid revived takeover speculation. BICC, interim figures expected next week, rose 7 more to 220p, while British Telecom, 202p, and GEC, 192p, added 5 and 4 respectively. Further consideration of the interim figures and planned expansion lifted Emess Lighting 10 for a two-day advance of 30 at 285p. Godwin Warren Control Systems, firm recently following a broker's bullish circular, improved 10 more to 160p in reply to the doubled mid-term profits, but Cambridge Electronic, which also announced interim figures, dipped 17 to 293p.

The Engineering leaders failed to participate in the general upsurge in equities, but many of the secondary issues posted strong gains. Comment on the interim figures boosted Babcock International 7 to 147p, while revived takeover speculation prompted good support for TI, 6 higher at 374p. Compensation hopes continued to encourage demand for Vosper, which settled 14 to the good at 229p. Interim results from James Neill were given a good reception and the shares improved 6 to 152p. Half-year figures and the accompanying statement from Thomas Robinson, however, led to persistent selling and lowered the quotation 5 to 94p.

Asociated Dairies' preliminary results were judged disappointing and the price reacted to close 8 down at the day's lowest of 138p. Bejam were favoured on bid hopes and gained 9 to 195p. Elsewhere, Associated British Foods found support at 232p, up 8, while Pyke Holdings rose 10 to 320p and Carr's Milling 6 to 120p, the latter following newsletter comment.

Friedland up on bid

The miscellaneous industrial sector displayed numerous features. Friedland Doggart jumped 100 to 315p following the agreed bid of 320p per share cash from M. K. Electric. Other takeover favourites came to the fore with LRC International 5 up at 144p, H. Young 11 higher at 108p and Extel 13 to the good at 343p. Elsewhere, Stat-Plus gained 7 to 182p in reply to good interim profits and a confident statement, but Williams Holdings encountered profit-taking in the wake of the half-year figures and shed 7 to 340p. Buying ahead of the respective interim results due shortly lifted H. Brammer 18 to 323p and Cookson 8 to 315p. Fobel rallied 5 to 26p on second thoughts about the annual statement. Bowater attracted further speculative demand and rose 10 more to 328p, but recently-firm Pentland encountered profit-taking at 300p, down 15. The leaders made steady progress and closed at the day's best. Metal Box and Reckitt and Colman, both dull on Wednesday on worries about their South African interests, staged rallies; the former picked up 8 to 478p, while the latter improved 6 to 518p. BTR, also dull on Wednesday for the same reason, met with revived demand and closed 10 higher at 358p. British Aerospace firmed 5 to 363p, after 367p, awaiting today's interim results; the new shares touched 190p prior to closing 5 dearer at 185p.

Lucas Industries took Wednesday's rally a stage further, rising another 8 for a two-day gain of 18 at 336p as perennial talk of a bid from the U.S. re-emerged. Dowty gave up 5 to 195 in belated consideration of its mining equipment interests in South Africa. Abbey Panels, however, were marked 20 higher to 130p following a newsletter recommendation.

Publishers were mixed. Awaiting further development in the current bid situation, Fleet, at 356p, gave up 4 of Wednesday's gain of 15, while rejected suitors United Newspapers finished a few pence cheaper at 305p. Haynes Publishing, preliminary results scheduled for today, hardened 5 to 320p. Paper/Printings featured fresh strength in Bunzl which advanced 7 more to 480p following acquisition news; the interim results are due next Wednesday. Among advertising issues, gains of 10 were common to Boase Massimi Pollitt, 350p, and Addison Page, 215p, but Good Relations remained friendless reflecting the continued absence of bid news and shed 8 more to 195p. Further consideration of the boardroom shake-up lifted Geers Gross 4 higher for a two-day improvement of 8 at 82p.

BP advance

"New-time" buying was mainly responsible for widespread good gains throughout the leading oils. BP held pride of place in the sector with the shares advancing to equal the year's best of 573p prior to closing a net 12 up on balance at 570p following second quarter net income in excess of the most optimistic market forecasts. Shell, due to report interim figures on September 12, improved in sympathy to close 11 better at 711p while LASMO, with interim results scheduled for next Tuesday, moved up a similar amount to 285p, after 288p.

Golds down again

Continued concern over the current situation in South Africa and the easier trend in precious metal prices after Wednesday's upsurge brought renewed pressure to bear on South African gold and related issues. Golds were marked lower at the outset of trading, reflecting further U.S. selling overnight, and continued to drift easier on lack of interest for much of the remaining session. However, sentiment improved after-hours when a number of Continental operators moved in to pick up cheap stock. Nevertheless, at the close of trading falls remained sufficient to lower the Gold Mines index a further 10.3 to 280.1, extending the fall over the past two days to one of 26.7.

In the leading Golds Randfontein retreated a further £1¼ to 51 while falls ranging from ¼ to ¾ were common to Southvaal, £20¼, Western Deep, £22¼ and Western Holdings, £15¼. Vaal Reefs, however, rallied strongly in the wake of Continental support and settled almost £2 higher on balance at £50.

Major casualties in cheaper priced issues included Doornfontein, 70 down at 758p, West Rand Consolidated, 35 off at 214p and Marievale, 12 easier at 95p.

Platinums were a much steadier market but South African Financials continued to lose ground. De Beers dropped a further 12 to a year's low of 308p, Anglo American Corporation lost 20 to 780p and "Amgold" gave up £1¼ to £48¼.

UK Financials, on the other hand, provided an outstanding firm feature in Rio Tinto-Zinc which advanced 15 to 585p, buoyed by the latest upsurge in domestic equities. Consolidated Gold Fields, heavily sold following the suspension of trading on the Johannesburg market and subsequent steep falls in Golds, attracted persistent small buying and edged up 5 to 405p.

The easier bullion price and a rather disappointing showing by Sydney and Melbourne markets overnight led to a quietly mixed showing by Australian mining issues. In the leading diversified stocks Peko-Wallsend rose 8 to 240p in response to the preliminary results, as did MIM Holdings, 133p.

FINANCIAL TIMES STOCK INDICES

	Aug. 29	Aug. 28	Aug. 27	Aug. 23	Aug. 22	Aug. 21	year ago
Government Secs	83.62	83.58	83.60	83.70	83.68	83.46	79.75
Fixed Interest	88.60	88.60	88.59	88.81	88.73	88.67	83.21
Ordinary ♥	1003.9	991.3	990.1	991.4	987.2	988.2	852.5
Gold Mines	280.1	290.4	306.8	311.9	310.1	322.8	569.4
Ord. Div. Yield	4.67	4.75	4.76	4.76	4.78	4.77	4.83
Earnings, Yld. %(full)	11.56	11.75	11.76	11.77	11.77	11.75	11.31
P/E Ratio (net) (*)	10.71	10.54	10.53	10.52	10.48	10.50	10.65
Total bargains (Est.)	21,382	20546	20,268	21,823	21,171	21,989	16,120
Equity turnover £m.	—	300.64	245.98	328.04	319.87	386.74	272.56
Equity bargains	—	17,346	18,361	18,371	20,215	22,583	17,498
Shares traded (ml)	—	151.4	123.8	174.5	168.4	184.6	154.8

♥ 10 am 987.5. 11 am 995.8. Noon 996.4. 1 pm 997.3. 2 pm 998.7. 3 pm 1001.6. 4 pm 1002.8.

Day's High 1004.2. Day's Low 986.5.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 10.32.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.87 (28/7)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	88.81 (23/8)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	911.0 (25/7)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	280.1 (29/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Aug. 28	Aug. 27
Daily		
Gilt Edged Bargains	112.1	116.8
Equities Bargains	112.4	119.0
Value	607.7	497.2
5 day Average		
Gilt Edged Bargains	123.3	126.3
Equities Bargains	125.5	132.2
Value	688.8	578.7

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (87)

BRITISH FUNDS (14)
INTL. BK. & O'SEAS GOVT. STLG. ISS. (1)
African Dvlpt. Bk. 11½pc Ln. 2010
LOANS (2)
Nationwide 12½pc 31/3/86; Nationwide 12⅞pc 30/6/86
AMERICANS (1)
Union Carbide
CANADIANS (1)
Echo Bay Mines
BANKS (5)
Republic Hldgs. SA; Wagon Finance; Cattle's; Woodchester Invs.; Prov. Financial
BREWERS (3)
Distillers; Scottish & Newcastle; Invergordon Dists.
BUILDINGS (5)
Bett Bros.; Higgs & Hill; Newarthill; Ward Hldgs.; Warrington (Thos.)
CHEMICALS (1)
Allda Hldgs.
STORES (4)
Dixons Group; Our Price; Forminster; Share Drug
ELECTRICALS (4)
Chloride 7½pc Cum. Cnv. Prf.; Godwin Warren; Microfilm Reprogr.; Emess Lighting
ENGINEERING (5)
Astra Indl.; Senior Eng.; Firth (G. M.); Telfos; Porter Chadburn; Wheway Watson
FOODS (5)
Bejam; Sisters Food; Clifford's Dairies A N-V; Watson & Philip
HOTELS (1)
Ladbroke
INDUSTRIALS (12)
Assoc. Heat Serv.; Hawtal Whiting; Booker McConnell; Huntleigh Tech.; Bowater Inds.; Parkfield; Burns Anderson; Rang Org.; Flogas; Reed Executive; Friedland Doggart; Stonehill
INSURANCE (1)
FAI Insurances
LEISURE (2)
LWT; Ulster TV N-V A
MOTORS (1)
Supra
NEWSPAPERS (1)
EMAP A
PAPER (1)
Wight Collins RS
PROPERTY (3)
Slough Ests.; Slough Ests. 8pc Cnv. 1991-94; Do. 10pc Cnv. 1987-90
TEXTILES (3)
British Mohair; Sumner (F.); Dixon (David)
TRUSTS (6)
Globe Inv.; Murray Income Trust; Murray Growth; SPLIT Cap.; Do. B; Scottish Inv.
OVERSEAS TRADERS (1)
Tozer Kemsley
MINES (3)
Hawk Invs.; West Coast; Sons of Gwalia

NEW LOWS (61)

AMERICANS (1)
Dana Corp.
BUILDINGS (1)
Phoenix Timber
CHEMICALS (2)
Novo Inds. B; Scot. Agricl. Inds.
ELECTRICALS (2)
Circaprint; TDS Circuits
FOODS (1)
Hunter Saphir
HOTELS (1)
Breakmate
INDUSTRIALS (5)
Aeronite; Mitchell Cotts; Chamberlain Phipps; Restmor; Embart
PROPERTY (1)
Rohan
SOUTH AFRICANS (1)
OK Bazaars
TRUSTS (1)
GT Japan
OILS (2)
Charterhall; Great Western Res.
OVERSEAS TRADERS (1)
Sime Darby
PLANTATIONS (5)
Anglo-East Plants.; Highlands Lowlands; Cons. Plants.; Kuala Kepong; Harrisons M'y Plants.
MINES (37)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	65	1	41
Corpns. Dom. and Foreign Bonds	16	6	56
Industrials	343	209	918
Financial and Props.	110	45	397
Oils	23	24	78
Plantations	—	8	10
Mines	32	64	83
Others	73	26	147
Totals	662	383	1,730

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
425	F.P.	20/9	505	446	TACE 10p	[illegible]	[illegible]
260	Nil	23/9	60pm	35pm	‡Thermal Scientific	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. ... based on prospectus estimates. g Assumed dividend and yield. ... dividend cover based on previous year's earnings. ε Indicated ... relates to previous dividend, P/E ratio based on latest annual ... unless otherwise indicated. ¶ Issued by tender. ‖ Offered ... shares as a "rights." ** Issued by way of capitalisation. ¶¶ Issued in connection with reorganisation merger or takeover. ... letters or fully paid. ‖‖ Introduction. ‡ Unlisted Securities Market. ... price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 19	Sept 6	Nov 21	Dec 2
Sept 9	Sept 20	Dec 5	Dec 16
Sept 23	Oct 4	Dec 19	Dec 30

For rate indications see end of Share Information Service

Call options were transacted in STC, United Guarantee, Distillers, Polly Peck, Greenwich Resources, Metals Exploration, Samson, Woodhouse and Rixson, Eglinton Oil and Gas, Falcon Resources, Brunswick, H. Bailey, Petrogen, Combined Technologies, Energy Capital and Atlantic Resources. Wheway Watson were dealt in for the put while double options were taken out in S. R. Gent and C. H. Bailey.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur Aug 29 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Wed Aug 28 Index No.	Tues Aug 27 Index No.	Fri Aug 23 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (206)	537.29	+1.2	10.50	4.13	12.00	10.52	531.18	534.04	535.61	513.06
2	Building Materials (22)	559.80	+1.0	11.78	4.73	10.52	11.92	554.14	556.96	560.30	463.51
3	Contracting, Construction (29)	831.13	+0.5	12.06	4.98	10.68	17.54	826.71	836.63	838.47	683.66
4	Electricals (14)	1463.61	+1.5	10.93	5.05	11.60	33.14	1441.91	1436.18	1424.94	1680.38
5	Electronics (38)	1460.16	+1.3	10.41	3.09	12.67	27.30	1441.58	1443.27	1450.42	1833.03
6	Mechanical Engineering (62)	296.51	+0.6	10.94	4.71	11.15	6.15	294.74	295.11	294.89	254.39
8	Metals and Metal Forming (7)	211.41	+0.8	11.86	7.43	10.61	4.13	209.78	207.64	207.02	188.25
9	Motors (16)	167.20	+0.5	13.22	5.86	9.35	3.55	166.34	166.12	167.11	123.33
10	Other Industrial Materials (18)	954.36	+2.1	7.23	3.51	16.77	15.81	935.14	954.16	956.73	697.86
21	CONSUMER GROUP (176)	684.10	+0.9	9.36	3.82	13.33	12.36	678.29	679.87	680.23	518.11
22	Brewers and Distillers (23)	668.41	+1.5	10.34	4.32	12.20	13.81	658.36	655.22	657.38	505.97
25	Food Manufacturing (21)	504.03	+0.8	11.04	4.83	10.86	13.09	500.21	500.38	499.73	394.93
26	Food Retailing (14)	1593.81	−1.4	6.11	2.62	22.08	16.93	1616.97	1637.44	1638.60	1221.37
27	Health and Household Products (9)	1083.36	+1.5	6.26	2.74	18.77	11.95	1067.57	1075.13	1072.64	886.53
29	Leisure (22)	688.33	+1.8	8.22	4.78	15.91	20.79	675.83	673.15	669.47	573.93
32	Newspapers, Publishing (12)	1881.30	−0.1	8.20	4.22	15.70	37.91	1883.76	1859.72	1847.74	1295.24
33	Packaging and Paper (14)	361.35	+0.8	9.81	4.09	12.18	6.20	358.45	358.58	359.75	245.00
34	Stores (42)	676.79	+0.6	7.35	3.14	18.56	9.53	673.07	676.64	682.59	446.05
35	Textiles (16)	328.12	+0.6	13.32	5.01	8.51	7.97	326.01	327.09	327.48	272.79
36	Tobaccos (3)	818.04	+2.2	18.06	5.26	6.27	18.71	800.81	798.54	787.70	688.04
41	OTHER GROUPS (101)	697.55	+1.1	9.89	4.86	14.24	14.13	689.90	688.46	688.65	463.56
42	Chemicals (19)	674.62	+1.0	14.55	5.62	9.06	24.95	668.00	671.88	669.78	612.87
44	Office Equipment (4)	207.28	+0.6	7.71	4.24	15.47	3.64	206.12	206.91	207.34	139.90
45	Shipping and Transport (12)	1181.28	+0.4	8.18	4.42	15.33	25.71	1176.41	1172.85	1172.16	860.97
46	Miscellaneous (64)	852.56	+0.2	7.37	3.73	16.58	14.06	851.18	855.85	857.90	647.23
48	Telephone Networks (2)	916.78	+1.9	8.11	3.54	16.45	14.38	899.54	889.93	890.24	513.88
49	INDUSTRIAL GROUP (483)	656.71	+1.0	9.57	3.96	13.20	12.50	650.22	651.44	652.13	1094.36
51	Oils (17)	1197.49	+1.9	15.67	7.02	7.85	39.47	1174.00	1162.17	1153.59	562.54
59	500 SHARE INDEX (500)	702.02	+1.1	10.38	4.37	12.10	14.68	694.24	694.38	694.34	390.97
61	FINANCIAL GROUP (115)	486.36	+0.5	—	4.94	—	12.39	483.88	487.42	489.30	363.94
62	Banks (6)	481.74	−0.2	18.61	6.14	7.68	19.80	482.48	489.47	494.51	427.56
65	Insurance (Life) (9)	766.29	+0.8	—	4.26	—	24.71	760.30	761.17	759.62	551.15
66	Insurance (Composite) (7)	371.56	+1.6	—	5.28	—	8.53	365.79	368.86	371.79	283.67
67	Insurance (Brokers) (7)	1154.98	+0.6	8.27	3.59	16.18	21.02	1147.85	1154.46	1146.21	858.48
68	Merchant Banks (11)	233.78	−0.1	—	4.76	—	4.92	233.94	233.47	233.54	210.65
69	Property (50)	661.65	+0.2	5.64	3.63	23.79	9.88	660.31	660.43	661.08	599.75
70	Other Financial (25)	275.80	+0.8	10.28	5.98	11.97	8.14	273.68	278.39	279.30	247.14
71	Investment Trusts (106)	591.11	+0.4	—	3.64	—	10.05	588.93	587.45	586.82	518.05
81	Mining Finance (3)	255.94	+2.2	12.68	5.99	9.15	5.36	250.49	256.77	260.55	278.64
91	Overseas Traders (14)	602.25	+0.4	12.45	6.61	9.62	23.86	599.95	606.58	601.88	565.28
99	ALL-SHARE INDEX (738)	639.95	+1.0	—	4.46	—	13.81	633.64	634.65	635.04	518.82

	Index No.	Day's Change	Day's High	Day's Low	Aug 28	Aug 27	Aug 23	Aug 22	Aug 21	Year ago
FT-SE 100 SHARE INDEX	1323.9	+15.7	1323.9	1311.2	1308.2	1310.8	1313.5	1309.7	1313.9	1101.9

FIXED INTEREST

	PRICE INDICES	Thur Aug 29	Day's change %	Wed Aug 28	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.81	+0.09	119.70	—	7.36
2	5-15 years	133.04	+0.09	132.92	—	9.31
3	Over 15 years	138.14	+0.12	137.97	—	9.21
4	Irredeemables	151.46	—	151.46	—	8.55
5	All stocks	130.97	+0.10	130.84	—	8.67
6	Debentures & Loans	112.88	+0.09	112.78	—	6.91
7	Preference	79.94	—	79.94	—	4.66

	AVERAGE GROSS REDEMPTION YIELDS		Thur Aug 29	Wed Aug 28	Year ago (approx.)
	British Government				
1	Low	5 years	9.96	9.97	11.20
2	Coupons	15 years	10.13	10.15	10.70
3		25 years	10.14	10.15	10.24
4	Medium	5 years	10.69	10.71	11.90
5	Coupons	15 years	10.50	10.51	11.13
6		25 years	10.17	10.19	10.48
7	High	5 years	10.80	10.80	11.91
8	Coupons	15 years	10.66	10.67	11.30
9		25 years	10.31	10.32	10.58
10	Irredeemables†		9.76	9.76	10.28
11	Debs &	5 years	11.48	11.49	12.41
12	Loans	15 years	11.35	11.36	12.28
13		25 years	11.22	11.24	12.14
14	Preference†		12.27	12.27	13.09

BRITISH GOVERNMENT INDEX-LINKED STOCKS

		Thur Aug 29	Day's change %	Wed Aug 28	xd adj. today	xd adj. 1985 to date				Thur Aug 29	Wed Aug 28	Year ago
8	All stocks	111.49	+0.06	111.45	—	2.41	15	Inflation rate	5%	3.55	3.55	3.78
							16		10%	3.35	3.35	3.59

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Allied-Lyons	233	+ 8
Associated Dairies	138	− 8
BTR	358	+10
Beecham	341	+ 3
Blue Circle Industries	523	+32
British Aerospace†	185	+ 5
Britoil	215	+ 3
Distillers	351	+ 7
LRC International	144	+ 5
Ladbroke	297	+10
Shell Transport	711	+14
Thorn EMI	409	+25

† Partly paid.

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Distillers	25	344	+20
Fleet Holdings	20	360	+15
Br. Aerospace†	14	180	− 3
BTR	13	348	−10
ICI	13	647	− 4
Stand. Chartd.	13	445	−20
Beecham	12	338	− 8
BP	12	558	+ 6
Cns. Gold Fds.	12	400	−22
Samuelson	12	300	+15
Shell Transport	12	597	+10
STC	11	90	—

† Partly paid.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 21,314

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*573)	460	133	—	—	1½	—	—
	500	73	90	95	4	8	14
	550	28	45	62	12	18	25
	600	6	18	—	48	53	—
Cons. Gold (*402)	390	38	60	64	18	23	28
	420	20	38	50	35	[illegible]	[illegible]
	460	9	22	33	72	[illegible]	[illegible]
	500	3	12	17	112	[illegible]	[illegible]
Courtaulds (*132)	120	17	21	26	3	[illegible]	[illegible]
	130	9	14	18	5	[illegible]	[illegible]
	140	5	8	—	12	[illegible]	[illegible]
	160	2	3½	—	30	[illegible]	[illegible]
Com. Union (*227)	180	47	—	—	2	[illegible]	[illegible]
	200	27	33	39	3	[illegible]	[illegible]
	220	12	19	25	9	[illegible]	[illegible]
	240	4	9	15	23	[illegible]	[illegible]
G.E.C. (*192)	160	36	42	48	2	[illegible]	[illegible]
	180	20	24	32	6	[illegible]	[illegible]
	200	6	12	19	14	[illegible]	[illegible]
Grand Met.	280	50	60	65	1½	[illegible]	[illegible]

Option		Calls Nov.	Calls Feb.	Calls May
P. & O. (*398)	330	75	80	—
	360	47	55	—
	390	23	33	38
Racal (*160)	140	28	34	42
	160	14	22	28

Aug. 29 Total Contracts 8,144. Calls 6,123. Puts 2,021

*Underlying security price

WORLD STOCK MARKETS

AUSTRIA

Aug. 29	Price Sch%	+ or —
Creditanstalt	370	—12
Goesser	555	—5
Interunfall	1,625	......
Laenderbank	364	+4
Perlmooser	620	—30
Steyr-Daimler	170	—5
Veitscher Mag	568	......

BELGIUM/LUXEMBOURG

Aug. 29	Price Frs.	+ or —
B.B.L.	2,010	+10
Banq. Gen Lux	7,050	......
Banq. Int. A. Lux	6,800	......
Bekaert B	6,080	+230
Ciment CBR	2,480	+15
Cockerill	207	+2
Delhaize	7,910	+60
EBES	2,970	+60
Electrobel	8,970	—180
Fabrique Nat	1,990	+45
GB Inno BM	3,700	+5
GBL (Brux)	1,905	—5
Gevaert	4,040	+30
Hoboken	5,400	+40
Intercom	2,240	+10
Kredietbank	9,060	—20
Pan Hldgs.	10,050	......
Petrofina	6,140	—90
Royale Belge	12,750	+250
Soc. Gen. Banq	3,950	+50
Soc. Gen. Belge	1,800	—10
Sofina	7,330	—70
Solvay	4,895	+120
Stanwick Intl.	1,300	......
Tractionel	4,040	—10
UCB	4,950	......
Wagon Lits	3,320	+30

DENMARK

Aug. 29	Price Knr %	+ or —
Andelsbanken	329	+5
Baltic Skand	665	+5
CopHandelsbank	302	+2
D. Sukkerfab	510	+5
Danske Bank	359	+4
De Danske Luft	1,315	......
East Asiatic	269	+9
Forenede Brygg.	995	+30
Forenede Damp.	211	+6
GNT Hldg	490	+9
I.S.S.B.	560	+40
Jyske Bank	735	+15
Novo Ind	1,250	—20
Privatbanken	314	+5
Provinsbanken	392	+4
Smidth (F.L) B	279	......
Sophus Berend	1,010	+25
Superfos	401	+3

FRANCE

Aug. 29	Price Frs.	+ or —
Emprunt 4½% 1973	1,605	—5
Emprunt 7% 1973	8,435	—20
Accor	252	—2.8
Air Liquide	574	+4
BIC	518	+8
Bongrain	1,781	—19
Bouygues	779	+5
BSN Gervais	2,145	+15
CIT-Alcatel	1,175	—5
Carrefour	2,355	—5
Club Mediter'n	523	+5
Cie Bancaire	634	+2
Cofimeg	288.5	—1.5
Damart	1,940	+10
Darty	1,435	+10
Dumex S.A.	832	—8
Eaux (Cie Gen)	648	+2
Elf-Aquitane	201	—3.1
Essilor	2,255	+5
Gen.Occidentale	723	—3
Imetal	92	—1.8
Lafarge Coppee	540	—3
L'Oreal	2,430	+20
Legrand	2,170	+33
Maisons Phenix	160	—10
Matra S.A.	1,739	+37
Michelin B	1,225	—10
Midi (Cie)	2,960	+80
Moet-Hennessy	1,895	+15
Moulinex	82.8	+0.1
Nord Est	97.2	+2.2
Pernod Rica	685	......
Perrier	513	......
Petroles Fra.	238	+1
Peugeot S.A.	405	+5
Printempts Au	290.1	+2.1
Radiotech	318	—4
Redoute	1,548	—12
Roussel-Uclaf	1,638	—2
Sofimeg	350	+1
Skis Rossignol	1,401	+1
Telemec Elect	2,560	......
Thomson CSF	574	+2
Valeo	242	+7

GERMANY

Aug. 29	Price Dm.	+ or —
AEG-Telef	143	+7
Allianz Vers	1,410	+3
BASF	224.4	—1.1
Bayer	222.3	—0.8
Bayer-Hypo	370	—4
Bayer-Verein	400	......
BHF-Bank	318	......
BMW	468.0	+10.5
Brown Boveri	240.5	—2.5
Commerzbank	208.5	—1
Cont'l. Gummi	156.5	+1
Daimler-Benz	963	—1
Degussa	378	+1
D'sche Babcock	162	+3
Deutsche Bank	579.5	—6
Dresdner Bank	274.9	+0.1
GHH	188.4	+6.9
Hochtief	725	......
Hoechst	216.6	—0.2
Hoesch Werke	121.7	+0.9
Holzmann (P)	494xd	—4
Horten	194	—1
Hussel	365	—5
Karstadt	263.5	—0.5
Kaufhof	295.9	+0.9
KHD	290	+5
Kloeckner	68	+0.5
Linde	516	+9.6
Lufthansa	230.8	+1.8
MAN	167.3	+4.3
Mannesmann	200.5	+2.2
Mercedes Hld.	863	—3
Metallgesell	271.5	+5.5
Muench Rueck	1,830	......
Nixdorf	544.5	+1.8
Porsche	1,338	+8
Preussag	284	+3
Rhein West Elect	191.5	+0.5
Rosenthal	261	......
Schering	466	+6
Siemens	552	—5
Thyssen	129.7	—0.3
Varta	241	—2
Veba	258.6	—4
V.E.W.	147.5	—0.5
Verein-West	335	+1
Volkswagen	334	+0.3

ITALY

Aug. 29	Price Lira	+ or —
Banco Com'le	24,180	......
Bastogi-IRBS	255	......
B.I-Invest	6,470	+470
Centrale	3,390	—20
Credito Varesino	4,575	—5
Fiat	4,290	+191
Finsider	—	—
Generali Assicur.	57,600	+610
Italcementi	45,600	+400
La Rinascente	852	+7
Montedison	2,280	+55
Olivetti	6,698	+43
Pirelli Co	6,495	+105
Pirelli Spa	3,075	+15
Saipem	5,120	+30
Snia BPD	3,400	+80
Toro Assic	18,800	+650
do Pref	14,940	+580

NETHERLANDS

Aug. 29	Price Fls	+ or —
ACF Holding	245.5	+0.5
AEGON	99	+4
Ahold	240.2	+2.2
AKZO	124.3	+0.2
ABN	511.5xr	+2.5
AMEV	291.9	+3.2
AMRO	89.5	+1.5
Bredero Cert	176	—3
Bos Kalis Westm.	18.2	......
Buehrmann-Tet.	105	......
Calland Hldgs.	38.4	+0.2
Dordtsche Pet'm	178.8	+1.4
Elsevier NDU	130	+0.6
Fokker	77.5	+0.3
Gist Brocades	215	—1.5
Heineken	180	—0.3
Hoogovens	62.9	......
Int Mueller	60.8	......
KLM	62.2	+0.3
Naarden	48.6	—0.4
Nat Ned Cert	73.2	—0.1
Ned Mid Bank	212	+2
Nedlloyd	179.5	—1
Oce Grinten	357	+1
Ommeren (Van)	29.1	—0.2
Pakhoed	64	......
Philips	48.1	+0.5
Robeco	75.7	+0.1
Rodamco	133.6	—0.1
Rolinco	68.8	......
Rorento	46	—0.1
Royal Dutch	196.5	+1.9
Unilever	351.5	+1.5
VMF Stork	245.5	—5
VNU	223	+6.8
Wessanen	176	—1
West Utr Bank	99	+1.6

NORWAY

Aug. 29	Price Kroner	+ or —
Bergens Bank	143	+1
Borregaard	432.5	+4.5
Christiania Bank	159	+0.5
DenNorske Cred	144	+0.5
Elkem	122	—2
Kosmos	225	+1
Kvaerner	155	—1
Norsk Data	387.5	+12.5
Norsk Hydro	108.0	—0.5
Storebrand	261	—8

SPAIN

Aug. 29	Price Pta%	+ or —
Bco Bilbao	352	......
Bco Central	315	......
Bco Exterior	201	—1
Bco Hispano	145	......
Bco Popular	335	—2
Bco Santander	347	......
Bco. Vizcaya	442	......
Dragados	135.7	—1.3
Hidrola	77.7	+0.5
Iberduero	92	+0.3
Petroleos	132.5	......
Telefonica	115.7	—0.4

SWEDEN

Aug. 29	Price Kronor	+ or —
AGA	120	+4
Alfa-Laval B	188	+1
ASEA (Free)	293	......
Astra (Free)	395	......
Atlas Copco	114	—1
Cardo (Free)	230	......
Cellulosa	127	—1
Electrolux B	270	—1
Ericsson B	229	+2
Esselte	355	—5
Mo och Domsjo	175	—1
Pharmacia	180	—1
Saab Scania Free	405	+78
Sandvik	430	......
Skandia	335	......
Skan Enskilda	54	......
SKF	215	......
St Kopparbergs	148	+1
Sonesson	142	—4
Sven Handlesbn	172	—1
Swedish Match	191	+1
Volvo B (Free)	229	+1

SWITZERLAND

Aug. 29	Price Frs.	+ or —
Adia Intl	4,000	—105
Alusuisse	810	......
Bank Leu	3,840	......
Brown Boveri	1,790	+40
Ciba Geigy	3,410	+40
do. (Part Certs)	2,590	+10
Credit Suisse	3,070	+5
Elektrowatt	3,400	+10
Fischer (Geo.)	975	+5
Hoff-Roche PtCts	97,250	+375
Hoff-Roche 1/10	9,725	+50
Jacobs Suchard	6,900	+75
Jelmoli	2,850	—50
Landis & Gyr	2,080	+90
Nestle	7,325	+100
Oer-Buehrle	1,625	+100
Pirelli	387	+9
Sandoz (Br)	8,800	+225
Sandoz (PtCts)	1,450	+95
Schindler (Pt Cts)	910	......
Sika	1,540	......
Surveillance A	6,575	+125
Swissair	1,465	......
Swiss Bank	480	......
Swiss Reinsce	13,500	......
Swiss Volksbk	1,795	......
Union Bank	4,360	+5
Winterthur	4,750	......
Zurich Ins	5,775	+35

AUSTRALIA

Aug. 29	Price Aust $.	+ or —
ANZ Group	4.7	—0.04
Alliance Oil Dev.	1.05	......
Ampol Pet	2.25	+0.05
Ashton	1.16	+0.08
Aust. Cons. Ind	2.87	+0.05
Aust.Guarantee	2.8	......
Aust. Nat. Inds	2.65	+0.05
APM	2.76	—0.02
Bell Group	8.0	—0.1
Bell Res.	7.5	......
Bond Corp Hldgs	1.78	—0.02
Boral	3.38	—0.02
Bougainville	1.92	+0.02
Brambles Inds	3.95	......
Bridge Oil	2.45	—0.07
B.H. Prop	7.12	—0.02
CRA	5.54	—0.02
CSR	2.91	—0.12
CastlemaineTys.	8.0	......
Coles (G.J.)	4.05	+0.01
Comalco "A"	1.88	+0.05
Consolidated Pet	0.34	—0.02
Costain Aust	1.9	......
Dunlop Olympic	2.42	+0.02
Elders IXL	3.28	......
Energ Res	1.65	+0.09

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. $ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

CANADA

TORONTO

Prices at 2.30pm August 29

[illegible]

MONTREAL

Closing prices August 28

[illegible]

Indices

NEW YORK

[illegible]

TORONTO	Aug 29	Aug 28	Aug 27	Aug 26	1985 High	1985 Low
Metals & Minls	2,085.2*	2,086.41	2,076.71	2,076.31	2190.7 (13/2)	1895.9 (4/1)
Composite	2,802.3*	2,800.75	2,794.48	2,777.54	2884.8 (26/7)	2348.5 (8/1)
MONTREAL Portfolio	135.97*	135.77	134.7	134.42	139.33 (15/7)	117.88 (4/1)

* indicates pre-close figure

WORLD Capital Intl. (1/1/70)	-	219.4	219.4	219.3	224.3 (17/7)	194.6 (4/1)

* Indicates pre-close figure ** Saturday August 17 Japan Nikkei Dow (12,612.3) TSE (1,013.24) Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 101 and Toronto Composite and Metals – 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ 400 industrials § 400 industrials plus 40 Utilities Financials and 20 Transports c Closed u. Unavailable

LONDON

Chief price changes (In pence unless otherwise indicated)

RISES

Abbey Panels	130	+20
Alida	303	+33
Allied-Lyons	233	+ 8
BTR	358	+10
Bejam	195	+ 9
Blue Circle Ind	523	+32
Brammer	323	+18
BP	570	+12
Distillers	351	+ 7
Extel	343	+13
Fobel Intl	26	+ 5
Friedl Doggart	315	+100
Godwin Warren	160	+10
LTC Intl	144	+ 5
Ladbroke	297	+10
LASMO	285	+12
Lucas Inds	336	+ 8
Porter Chadburn	200	+30
Prov Financial	243	+13
RTZ	585	+15
Shell Trans	711	+14
Stat-Plus	182	+ 7
Thorn EMI	409	+25
Tricentrol	205	+ 8
Vaal Reefs	£50	+£1⅞
Vosper	229	+14

FALLS

Assoc Dairies	138	− 8
Cambridge Elect	293	−17
Robinson (Thos)	94	− 5
Roban	100	−65

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 33

[illegible]

Prices at 3pm, August 29

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23⅜	16	AAR	.56	2.5	15	183	22½	22¼	22⅜	
17⅜	9¾	AGS			13	90	15⅞	15¾	15¾	−⅛
16½	9⅝	AMCA				1	11¾	11¾	11¾	+⅛
21½	13	AMF	.25j		96	1295	13½	13⅜	13⅜	
50¾	24⅞	AMR			8	3356	45⅜	45	45⅜	+⅜
23½	18⅝	AMR pf2.18		9.3		1	23⅜	23⅜	23⅜	
14¼	7⅜	APL				6	9½	9⅜	9½	+⅛
61⅛	34¾	ASA	2	5.4		1046	37¾	36⅝	37⅛	+½
27	12½	AVX	.32	2.5	18	36	13	13	13	
28⅛	16⅛	AZP	2.72	11	7	416	24⅞	24⅝	24¾	
60	36¾	AbtLab	1.40	2.4	16	804	58⅝	58¼	58⅝	−⅛
25⅞	20	AccoWd	.50	2.2	17	326	22⅞	22⅝	22⅞	+⅛
24¾	12½	AcmeC	.40	2.8		32	14¼	14⅛	14⅛	−⅜
10½	7⅜	AcmeE	.32b	4.1	11	5	8	7⅞	7⅞	−⅛
19	15½	AdaEx	1.92e	11.		53	17¾	17⅜	17½	+⅛
20	13½	AdmMl	.32	2.0	7	4	16⅜	16¼	16⅜	+⅛
18¾	8⅝	AdvSys	.53t	4.3	19	44	12¼	12⅛	12¼	
40⅞	22⅛	AMD			16	1705	27¾	27⅜	27½	−⅜
12⅛	6⅞	Advest	.12	1.3	21	74	9½	9¼	9½	+⅛
15⅞	9½	Aerflex			12	78	13⅜	13⅛	13¼	
45⅝	32⅜	AetnLf	2.64	5.9	15	723	45	44¾	44¾	−¼
57½	53⅝	AetL pf5.79e		10.		282	57	56⅞	56⅞	−¼
37⅜	18¼	Ahmns	1.20	3.7	8	2125	32¾	32	32¾	+1
3⅝	2½	Aileen				3	3⅛	3⅛	3⅛	−⅛
57	42	AirPrd	1.20	2.3	12	598	53½	53⅛	53¼	−⅜
24⅜	15	AirbFrt	.60	2.6	13	228	23	22¾	22⅞	+⅛
2⅛	1⅛	AlMoe s	.10e	4.7		176	2⅛	2	2⅛	
33⅜	27¼	AlaP pfA3.92		13.		5	31	31	31	

Continued on Page 33

NYSE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
Continued from Page 32										
21	10¾	Pondrs	.40	4	25	133	11¼	11⅛	11⅛	−⅛
21½	15¼	PopTal	80	4 5		4	18	17⅞	17⅞	
22¾	14⅝	Portec	40	2 3	29	135	17⅜	17¼	17¼	+⅛
21⅞	14⅝	PortGE1 90		9 6	8	79	20	19¾	19¾	−¼
24⅞	18½	PorG pf2 60		11		5	23½	23½	23½	−⅜
35⅝	30	PorG pf4 40		13		7	34⅛	34	34	
34⅝	29	PorG pf4 32		13.		9	34	34	34	
38⅞	28	Potltch 1.56		4 5	14	196	35	33⅞	35	+1⅜
34	22	PotmEl2 16		6 9	9	360	31⅜	31	31¼	+¼
25½	18⅞	Preml s	36	1 5	18	9	23¾	23½	23½	−⅜
40	28¾	Prmrk 2.20		5 7	8	32	38¾	38½	38½	
20⅜	14¾	PrimeC			14	412	18	17⅞	18	
35⅞	16⅛	PrimM s	09	.2	32	608	u36¾	36	36¼	+⅜
59⅞	50⅜	ProctG 2.60		4 5	15	1651	57¾	57¼	57½	−¼
15	8	PrdRs s			22	81	13½	13¼	13½	+¼
2⅞	2⅛	PruRC n				22	2⅜	2¼	2¼	−⅛
10⅜	10	PruR un				114	10⅜	10⅛	10⅛	−⅛
24¼	17⅛	PSvCol	2	9 1	9	164	22⅛	22	22	−⅛
70	53½	PSCol pf7.15		11		z200	65	65	65	−1
10⅛	6⅞	PSInd	1	11	10	509	9⅛	8⅞	8⅞	−¼
9	6	PSIn pf 1 04		13.		z200	8	8	8	
8⅞	6½	PSIn pf 1 08		13		z60	8⅝	8⅝	8⅝	+¼
63	46	PSIn pf 8 52		15.		z120	59	58⅛	58⅛	+⅛
8¾	3½	PSvNH			3	348	8¼	8	8⅛	−⅛
16⅛	7½	PSNH pf				z400	15¾	15¾	15¾	
17½	7⅝	PNH pfB				2	16⅝	16⅝	16⅝	−⅛
24⅞	11	PNH pfC				3	24	23¾	23¾	−¾
22	9⅝	PNH pfD				1	20¾	20¾	20¾	
22¼	9¾	PNH pfE				1	21	21	21	−⅜
19⅞	8⅝	PNH pfF				10	18⅛	18⅛	18⅛	
20⅛	9⅛	PNH pfG				60	19	19	19	−¼
29½	20¼	PSvNM2 88		11.	9	225	27⅜	27	27⅜	+¼
32½	23	PSvEG2 84		9 2	8	488	30⅞	30¾	30¾	−⅛
15	10¼	PSEG pr1 40		9 8		7	14⅜	14¼	14¼	−⅜
39	29	PSEG pf4.18		11		z100	38	38	38	
35¾	29⅛	SgtWel 1 40		4 0	15	3	35	35	35	−¼
19⅞	14½	SaulRE	20	1.1	47	15	18½	18½	18½	
22¼	16½	SavEIP1.60		8.0	7	53	20⅛	19⅞	20	+⅛
9⅛	5	Savin				111	8	7⅞	8	−⅛
13¼	9⅝	Savin pf1 50		12.		3	12¾	12⅝	12¾	+⅛
28⅛	19⅝	SCANA2 16		8 2	9	96	26½	26¼	26⅜	
52½	33	SchrPlo1 68		3 6	13	387	47⅛	46¾	47⅛	+¼
49¼	34½	Schlmb1 20		3 2	10	2908	37⅜	36⅞	37	−⅜
14⅞	8	SciAtl	.12	.9	19	237	13⅞	13¾	13¾	−⅛
33	22½	ScoaInd.76a		2 4	14	620	32¼	32⅛	32¼	
61½	49⅝	ScotFet90e		1 6	10	502	56⅜	56⅛	56⅛	−⅛
44½	28⅝	ScottP 1 24		3 1	10	1921	40⅝	40⅛	40⅜	−¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, August 29

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 31

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Restrained confidence continues

RESTRAINED CONFIDENCE continued to sustain Wall Street yesterday, with the stock market managing to extend the sharp upswing seen late on Wednesday, *writes Terry Byland in New York.*

Bond traders appeared unconcerned while awaiting the latest money supply statistics, and held prices steady.

At 3pm, the Dow Jones industrial average was up 2.24 at 1,333.33.

The divergence of views on interest rates continued with market analysts split between those fearing that the surge in money supply will pressure the Federal Reserve to tighten policy and those who believe that the Fed will be driven to ease policy to stimulate a flagging economy.

Credit markets took a passive stance yesterday, after the Fed's actions on Wednesday to make system repurchases in both the bill and bond markets had resolved any cash needs over the extended holiday weekend. For the longer term, the Fed is expected to wait for further evidence of the progress of the economy, and to continue for the present to brush off the rise in money supply.

The stock market, having again bottomed out at the Dow 1,312 mark, has now regained much of the ground lost since the heavy shakeout in the first days of August.

But institutional interest has been slack, and the gains have been mostly in the blue chips, with the Dow average influenced on Wednesday by a sharp rise in Westinghouse Electric, a major constituent.

It was another day for special situations. Heavy trading developed in Westinghouse, as arbitrageurs built up stock ahead of the programme to buy in 15 per cent of the equity. At $38⅝, Westinghouse shares added $⅜.

Also influencing the Dow average was a gain of $½ to $56¼ for Union Carbide, heavily traded as Wall Street responded favourably to the board's sweeping restructuring plans.

The stock has already bounded by 60 per cent from its low point in the wake of the Bhopal disaster, as speculators have looked for a bid.

Also active, but on the downside, was Kansas Gas & Electric, the utility group which has said it will face bankruptcy if it is refused a $371m rate increase to cover the cost of its 47 per cent stake in a $3bn nuclear power plant. At $16, Kansas G&E had plunged $2¼ as more than 1m shares were traded.

Upjohn, the pharmaceutical group, came in for another bout of speculative support, gaining $⅝ to $110¼ in busy trading which was sparked off by a block trade of 450,000 shares at $109½ by Salomon Bros.

The rest of the drugs sector was narrowly mixed, with Merck, the industry leader, $⅝ off at $115½. Tiger International, traded heavily, gaining $¾ to $7¾.

Grumman, the aerospace and passenger transport group, maintained that it knew no reason for the rise in the stock of $1¼ to $34⅝ – business was not heavy.

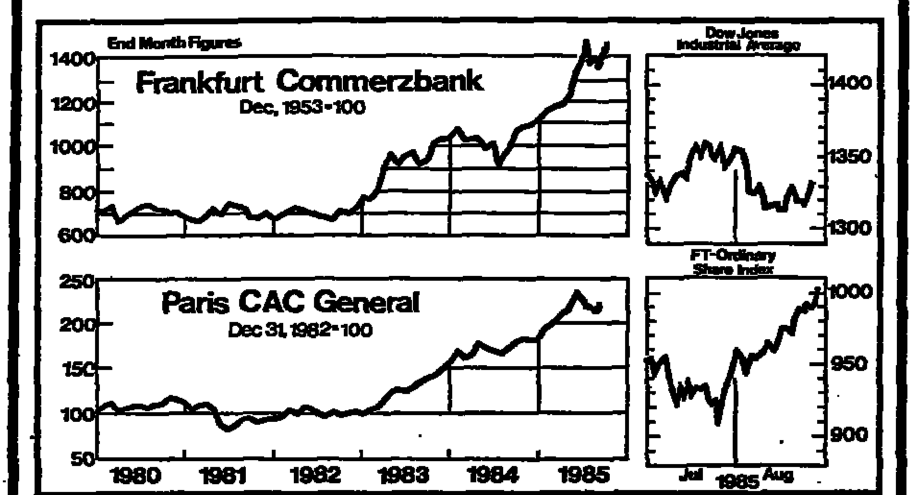
Blue chips lacked excitement. Airline issues turned mixed, with American recovering $¼ of its recent slide to stand at $45¼, and Pan Am $⅛ off at $7⅛.

The technology sector lacked supporters. IBM slid $⅝ to $127⅜, Control Data $⅜ to $23⅞. With bid hopes still buoying the stock, Sperry edged up $⅛ to $50⅝.

In the credit markets, federal funds settled down to a more acceptable 7⅞ per cent, and other short-term rates eased lower.

The bond market waited lethargically for the money supply figures. Traders hardly moved price quotations at the longer end, and the institutions remained on the sidelines.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Aug 29	Previous	Year ago
DJ Industrials	1,333.33*	1,331.09	1,226.92
DJ Transport	689.37*	687.27	519.12
DJ Utilities	159.52*	160.03	129.36
S&P Composite	188.72*	188.83	167.09
LONDON	Aug 29	Previous	Year ago
FT Ord	1,003.9	991.3	852.5
FT-SE 100	1,323.9	1,308.2	1,096.0
FT-A All-share	639.95	633.64	518.82
FT-A 500	702.02	694.24	562.54
FT Gold mines	280.1	290.4	569.4
FT-A Long gilt	10.31	10.32	10.56
TOKYO			
Nikkei-Dow	12,728.80	12,685.5	10,579.9
Tokyo SE	1,019.60	1,019.50	817.17
AUSTRALIA			
All Ord.	945.8	946.9	735.7
Metals & Mins.	537.1	534.8	464.4
AUSTRIA			
Credit Aktien	100.75	102.81	53.11
BELGIUM			
Belgian SE	2,378.59	2,370.75	–
CANADA			
Toronto			
Metals & Minls	2,095.2*	2,086.41	2,051.00
Composite	2,802.8*	2,800.78	2,382.31
Montreal			
Portfolio	135.97*	135.77	117.09
DENMARK			
SE	215.52	212.66	186.9
FRANCE			
CAC Gen	222.5	221.8	171.3
Ind. Tendance	126.9	126.6	91.5
WEST GERMANY			
FAZ-Aktien	500.67	499.89	340.98
Commerzbank	1,468.3	1,468.1	988.4
HONG KONG			
Hang Seng	1,652.19	1,668.85	897.59
ITALY			
Banca Comm.	376.46	372.64	220.8
NETHERLANDS			
ANP-CBS Gen	218.4	217.7	165.8
ANP-CBS Ind	191.4	190.8	131.4
NORWAY			
Oslo SE	358.09	355.73	265.26
SINGAPORE			
Straits Times	747.35	745.77	924.77
SOUTH AFRICA			
JSE Golds	–	closed	968.5
JSE Industrials	–	closed	831.1
SPAIN			
Madrid SE	110.72	110.72	97.8
SWEDEN			
J & P	1,337.22	1,332.92	1,491.32
SWITZERLAND			
Swiss Bank Ind	481.9	477.4	379.6
WORLD	Aug 28	Prev	Yearago
Capital Int'l	219.4	219.4	184.8

GOLD (per ounce)

	Aug 29	Prev
London	$335.50	$340.00
Zürich	$336.65	$340.85
Paris (fixing)	$337.87	$340.70
Luxembourg	$338.50	$339.45
New York (Oct)	$337.20	$342.80

* *Latest available figure*

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Aug 29	Previous	Aug 29	Previous
$	–	–	1.400	1.402
DM	2.7795	2.771	3.89	3.8825
Yen	237.05	236.9	332.0	332.25
FFr	8.485	8.4525	11.885	11.86
SwFr	2.2785	2.267	3.1925	3.175
Guilder	3.132	3.1185	4.385	4.3725
Lira	1,866.0	1,862.0	2,612.5	2,610.5
BFr	56.25	56.05	78.75	78.6
C$	1.3625	1.3612	1.907	1.9096

INTEREST RATES

	Aug 29	Prev
Euro-currencies (3-month offered rate)		
£	11⅝	11¾
SwFr	4¹¹⁄₁₆	4⅝
DM	4⅝	4⅝
FFr	10⅞	10¹¹⁄₁₆
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅛	8⅛
6-month U.S.$	8¼	8⁵⁄₁₆
U.S. Fed Funds	7¾*	7⅞
U.S. 3-month CDs	7.65*	7.75
U.S. 3-month T-bills	7.05*	7.06

U.S BONDS

Treasury		Aug 29* Price	Aug 29* Yield	Prev Price	Prev Yield
8⅞	1987	100⅜₂	8.823	100⅜₂	8.84
10⅜	1992	102	9.954	101²⁹⁄₃₂	9.99
10½	1995	102¹⁵⁄₃₂	10.095	102⁷⁄₃₂	10.14
10⅝	2015	102¹⁵⁄₃₂	10.352	102⅝₂	10.40

Corporate	Aug 29* Price	Aug 29* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	100⅞	10.10	100⅞	10.10
3⅞ July 1990	82⅜	8.25	82⅜	8.25
8⅝ May 2000	83⅝	10.85	83⅝	10.85
Xerox				
10⅞ March 1993	100⅞	10.45	100⅞	10.45
Diamond Shamrock				
10⅜ May 1993	100⅞	10.50	100⅞	10.50
Federated Dept Stores				
10⅜ May 2013	95.500	11.15	95.500	11.15
Abbot Lab				
11.80 Feb 2013	103.748	11.35	103.748	11.35
Alcoa				
12¼ Dec 2012	101⅞	12.00	101⅞	12.00

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	78–04	78–09	77–29	77–27
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	93.08.	93.08	93.06	93.03
Certificates of Deposit (IMM) $1m points of 100%				
Sept	92.33	92.34	92.29	92.28
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	91.99	92.02	91.97	91.98
20-year Notional Gilt £50,000 32nds of 100%				
Sept	112–08	112–11	112–06	112–04

COMMODITIES

(London)	Aug 29	Prev
Silver (spot fixing)	448.70p	456.15p
Copper (cash)	£999.00	£996.50
Coffee (Sept)	£1,560.00	£1,641.50
Oil (spot Arabian Light)	$27.65	$27.65

TOKYO

Shift in focus of attention

RECENTLY NEGLECTED biotechnology stocks and some defence-related issues were at the centre of attention in Tokyo yesterday but enthusiasm for large capital companies like steels, shipbuildings and electric powers faded, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average gained 43.30 to 12,728.80 on a volume of 502m shares, down sharply from the previous day's 820m. Gains outnumbered losses by 420 to 359, with 157 issues unchanged.

A flood of buy orders sent Mitsubishi Heavy Industries to a record high at one stage as institutional investors continued to focus on the stock, encouraged by earnings projections for the accounting year ending next March. The economic research institutes of some large securities houses forecast a recurring profit of about Y100bn, which is higher than the company's figure of Y87bn.

The stock again topped the most active list, with 43.96m shares changing hands. It rose Y11 to Y406 at one point, eclipsing Tuesday's Y404 high, but fell back on later profit-taking to finish Y5 up at Y400.

In the defence sector, Sumitomo Heavy Industries firmed Y9 to Y289 on expectations of higher earnings. Fuji Heavy Industries also added Y25 to Y705 on reports that the company's recurring profit will reach a record Y38bn in the current year.

Nippon Steel was unchanged at Y179, but Kawasaki Heavy Industries eased Y2 to Y220 and Tokyo Electric Power Y10 to Y2,180.

While these issues paused after their recent rises, investors looked for shares lagging in the market. Biotechnology-related Kyowa Hakko returned to favour on stronger earnings from its new antibiotics. It jumped Y96 to Y1,030 on a volume of 19.45m shares, the second busiest.

Among public works-related issues, constructions lured buyers. Taisei rose Y13 to Y363. Ohbayashi, third on the active list with 14.43m shares, also advanced before falling back to close unchanged at Y447.

Elsewhere, some food stocks gained ground. Morinaga Milk rose Y18 to Y478 and Kirin Brewery Y10 to Y740. But stocks with hidden assets and non-life insurances slipped, and blue chips were not sought.

Trading in Minebea shares remained brisk on speculation that the company might be taken over by a U.S. investment firm. The stock climbed Y20 to Y800 with 13.23m shares traded.

The bond market continued buoyant on active dealing by financial institutions and securities houses. The yield on the benchmark 6.8 per cent government bond due in December 1994 slipped to another record low of 6.085 per cent from Wednesday's 6.105 per cent. Some institutional investors were worried about the recent bond price increases.

HONG KONG

A SHARPLY lower trend emerged in Hong Kong with the market under pressure from Hongkong Wharf's sale of its 17.2 per cent stake in Cross-Harbour Tunnel.

The Hang Seng index finished 16.66 lower at 1,652.19 with late bargain-hunting helping it to pick up from the 31 point decline registered at mid-day.

Brokers completed the sale of the 21.8m Cross-Harbour shares at HK$10.10 each to investors in New York, London, Singapore and Hong Kong.

The shares fell 80 cents during the day's trading to HK$10.30 and HK Wharf lost 5 cents to HK$7.05.

Lower properties included Cheung Kong, down 20 cents at HK$18.40, amid predictions that half-year results today will show a 40 per cent rise in net profits. Hutchison Whampoa, also with results due today was down 40 cents at HK$28.20.

CANADA

GOLD STOCKS fell back sharply in Toronto from the record high close of the previous session. Among the largest losers, Lac Minerals shed C$1⅛ to trade at C$38¼, Campbell Red Lake was C$1 lower at C$33½ and Dome Mines fell C$⅛ to C$13⅝.

International Thomson was actively traded, unchanged at C$9⅝, while Hudson Bay fell C$¼ to C$22⅝ after results. Montreal was mixed.

EUROPE

Hearty diet of corporate statements

A HEARTY DIET of corporate results combined with renewed institutional buying and sporadic overseas support on the European bourses yesterday, taking several centres to new highs for the year.

Amsterdam bristled with corporate news. The ANP-CBS General index reflected the pace and strength of the buying to gain 0.7 to 218.4.

Institutions adopted a high profile in the insurance sector as Amev announced stronger first-half results and a one-for-10 rights issue after trading. The insurer, which hit a Fl 280.80 high last Thursday, rose Fl 3.20 to a new peak of Fl 281.90. Fellow insurer Aegon picked up Fl 4 to Fl 99, also ahead of firm results.

Nat-Ned edged 40 cents lower to Fl 73.20 on further consideration of its profits statement. It lost Fl 4.30 in the previous session.

Others to report included shipper Van Ommeren, which dipped 20 cents to Fl 29.10 on profits which, although more than doubled, were lower than expected.

Pakhoed, which released interim profits late in on Wednesday, lost an early Fl 1.30 but finished steady at Fl 64 on forecasts of higher full-year results.

Boskalis remained suspended amid discussions with creditors on its second restructuring in a year.

Banks were firm with ABN reversing an opening Fl 1 setback to close Fl 1.50 ahead at Fl 510.10. NMB advanced Fl 1.80 to Fl 211.80.

Tuesday's 22 per cent rise in profits for VNU continued to feature and the media group picked up Fl 6.80 to Fl 223, a new high for the year, while biotechnology group Gist Brocades, which earlier this week detailed a strong profits and sales performance in the first-half, dipped Fl 1.50 to Fl 215.

Bonds were largely steady in quiet trading.

Industrial and financial issues surged in a brisker **Zurich** as the Swiss Bank industrial index hit a year's high with a 4.5 point rise to 481.9.

Electrowatt picked up SwFr 10 to SwFr 3,400 on improved profits and dividend for the year. The group announced a capital boost of SwFr 97.5m for October.

Nestlé continued to defy the bears and moved to another high for the year with a SwFr 100 rally to SwFr 7,325. Other features included a SwFr 35 advance to SwFr 5,775 for Zurich Insurance and a SwFr rise to SwFr 4,380 for Union Bank.

Adia moved against the trend with a SwFr 105 setback to SwFr 4,000, while Swissair, which has traded consistently near its 1985 high in recent weeks, was unchanged at SwFr 1,465.

Bonds were barely changed although strong demand in option bonds pushed 3¼ per cent Baer Holding higher by 2¼ points to 115.75 per cent.

Milan extended Wednesday's strong showing with a further 3.82 rise in the Banca Commerciale index to a record 376.46.

As the dust began to settle over the BI-Invest/Montedison encounter, the former firmed L470 to L6,470 and the latter put on L55 to L2,280.

Confidence continued to flow from the interest rate cuts. Fiat sprinted L191 ahead to L4,290 and insurer Ras picked up L900 to L102,900.

The inevitable profit-takers surfaced in a mixed **Frankfurt**, although the Commerzbank index edged 0.2 higher to 1,468.3.

AEG brightened up the electrical sector with a DM 7 rise to DM 143, just short of its high for the year. BMW resisted the profit-takers set to pounce on the carmakers as it scored a DM 10.50 rise to DM 468. VW reversed an early DM 1.70 drop to close 30 pfg higher at DM 334.

Hoesch's return to dividends was greeted with a 90 pfg gain to DM 121.70, while Mannesmann, picked up DM 2.20 to DM 200.50 on stronger sales and profits for the first-half.

Gains of up to 20 basis points were managed in the bond market. The Bundesbank sold DM 32.7m of paper compared with Wednesday's sales of DM 42.3m.

Institutions were active again in a slightly firmer **Brussels**. Wire maker Bekaert drew the buyers with a BFr 230 gain to BFr 6,080, while Petrofina shed a further BFr 90 to BFr 6,140.

Fabrique Nationale, the arms to golf club maker, posted a BFr 45 gain to BFr 1,990.

Madrid and **Paris** finished steady. A mixed **Stockholm** took Volvo SKr 1 higher to SKr 229 on results.

LONDON

Results provide impetus

THE ANNOUNCEMENT of favourable trading statements from several major UK companies contributed to yesterday's advance in the Financial Times Ordinary share index over the 1,000 mark for the first time since June 7, with a gain of 12.6 to 1,003.9.

Still reflecting the South African situation, gold shares remained extremely sensitive, but the industrial sectors were inclined better, where altered.

Government securities remained a relative backwater, although quotations were inclined harder. Rises in both short and long-dated stocks ranged to ⅛ and occasionally more.

Chief price changes, Page 31; Details, Page 30; Share information service, 28–29

AUSTRALIA

PROFIT-TAKING in Sydney offset the benefit of a higher international bullion price, leaving the All Ordinaries index to close down 1 at 945.8.

BHP eased 2 cents to A$7.12, CSR 13 cents to A$2.90, CRA 2 cents to A$5.54 and North Broken Hill 8 cents to A$2.52. Gold stocks posted strong gains, despite closing off the day's highs as investors fought shy of South African gold stocks.

Elsewhere, Coles was 1 cent lower at A$4.05 despite its report of a higher profit for the year.

SINGAPORE

A SHARP RISE in property stocks late in the session left Singapore shares higher at the close of a session which had also seen advances in many Malaysian speculative stocks.

The Straits Times industrial index rose 1.68 to 747.35 – its first advance for a week.

Demand for property stocks stemmed from market rumours, later denied, that imminent government measures were planned to alleviate the cash flow problems of property developers and investors.

Among actively traded stocks, Raleigh put on 23 cents to S$2.22, TDM rose 37 cents to S$3.34 and Supreme shed 3 cents to S$1.74.